BUDGET ADDRESS 2005 - 2006

OPERATION & MAINTENANCE *and* CAPITAL

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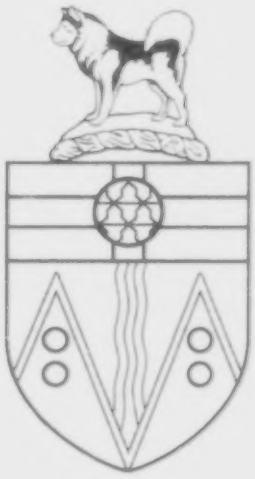

Budget Address
2005 - 2006

presented by

Premier
Dennis Fentie

First session of the Thirty-First
Yukon Legislative Assembly

Whitehorse, Yukon
March 24, 2005

I. ACHIEVING A BALANCED BUDGET & BUILDING YUKON'S FINANCIAL FUTURE

Mr. Speaker, Honourable Members, today it is my pleasure and privilege to table our third budget in this House, a budget that builds on our record of providing Yukoners with sound fiscal management.

Mr. Speaker, the Government of Yukon's Capital and Operation and Maintenance Budget for the 2005 – 2006 fiscal year is a surplus budget.

The projected surplus for 2005 – 2006 is $ 29.1 million.

This is a significant achievement.

The total Capital and Operation and Maintenance Budget for 2005 – 2006 is $784.0 million.

The Operation and Maintenance budget totals $577.6 million of which $58.8 million is recoverable.

The Capital Budget totals $206.4 million of which $76.8 million is recoverable.

The 2003 – 2004 Budget laid the foundation for the Territory's financial future. It put our fiscal house in order.

The 2004 – 2005 Budget built upon that solid foundation and established the future economic course of the Territory for the duration of the current mandate.

This 2005 – 2006 Budget is following through on that direction.

This budget like its immediate predecessor is designed to stimulate the economy in the short, mid and long term.

The negotiation of a new Territorial Funding Agreement and other fiscal transfers, with the Government of Canada remain a critical part of keeping our fiscal house in order.

Last September First Ministers met to discuss increased funding for health care, which for the three territories resulted in a $150 million Health Access Fund. This fund is in addition to the $60 million the territories received under the Canada Health and Social Transfer from the 2003 First Ministers Accord. The $150 million fund is to be spread over three years to help the territories offset medical transportation costs and to fund long-term health initiatives.

The terms and conditions for the Health Access Fund, however, are still not finalized so the revenue and associated expenditures resulting from this fund have not been included in this budget.

The First Ministers met again on October 26, 2004 to discuss Equalization and Territorial Formula Financing as a follow up to their September 13 – 15 meeting on health care.

The Government of Canada is proposing significant changes to the design of the Territorial Formula Financing.

For 2004 – 2005, the total Territorial Formula Financing grant for the three territories was a floor of $1.9 billion.

In 2005 – 2006, the Territorial Formula Financing grant is a fixed amount of $2 billion, an increase of 5.3 percent from the 2004 – 2005 amount.

After 2005 – 2006, the total Territorial Formula Financing will be escalated at a rate of 3.5 percent per year, with a review of the adequacy of the escalator after five years.

An expert panel on equalization and Territorial Formula Financing will be established to provide recommendations on the allocation of the fixed amounts.

It is scheduled to release its recommendations in late 2005.

The good news from all this is that the Yukon will receive more money under formula financing. However, our funding arrangements after 2005 – 2006 remain uncertain until the expert panel I mentioned earlier provides its recommendations on how funding should be allocated among the three territories.

Because of this uncertainty, the Government of Yukon must continue to exercise fiscal discipline.

In the 2004 – 2005 Budget address, our government indicated that we were seeking a federal commitment for a new economic partnership with the north to support the development and diversification of northern economies.

Subsequently, Yukon and its two sister territories negotiated a $90 million Pan-Northern Economic Development agreement with the Government of Canada.

Each territory will receive $30 million over five years and the funding will be administered by Indian and Northern Affairs Canada.

Last December, the three territorial Premiers were also successful in their endeavours to keep northern issues high on the national agenda with the announcement of the development of a comprehensive Northern Strategy.

Under this strategy Yukon will receive an additional $40 million to be used for capacity building and social and physical infrastructure development.

The Northern Strategy will contain both a Yukon chapter and a Pan-Northern chapter.

Each chapter will have short, medium and long term goals and objectives towards achieving a northern vision for the next twenty years.

Our government will consult with Yukoners and partner with First Nation governments to establish goals and objectives to achieve this vision.

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The timing for this $40 million in additional funding is dependent upon the passage of the 2005 – 2006 Federal Budget.

Mr. Speaker, overall the Government of Yukon is in a sound financial position.

I want to commend all the officials in the Executive Council Office and the Department of Finance who worked so hard to help us secure Yukon's financial future, allowing us to implement our 2002 election commitments to Yukoners.

II. FORMALIZING A GOVERNMENT TO GOVERNMENT RELATIONSHIP WITH FIRST NATIONS AND BUILDING PARTNERSHIPS

On January 21, 2005, the Council for Yukon First Nations, Self-Governing First Nations and our Government agreed to the Memorandum of Understanding on Cooperation in Governance in the Yukon and created the Yukon Forum.

The structure and conduct of the Yukon Forum provides a mechanism to establish cooperation in governance that will help achieve more effective services and program delivery by both orders of government to the benefit of all Yukoners.

The Yukon Forum is a powerful symbol of the commitment by Yukon First Nations and by the Government of Yukon to work together collaboratively and formalize their relationship.

Agreement was also reached to develop legislation to entrench the Yukon Forum in law.

On February 19, 2005, Yukoners celebrated the signing of the Kwanlin Dun First Nation's Final Land Claims Agreement.

Of Yukon's 14 First Nations, 10 now have Final and Self Government agreements with an 11th First Nation, the Carcross Tagish First Nation, currently engaged in a ratification process.

Over 30 years ago, Yukon First Nations presented their Land Claim, entitled "Together Today for our Children Tomorrow" to the Government of Canada.

The Yukon, through such mechanisms as the Yukon Forum, is now in a position to live up to the title of that claim, and has become a model for collaborative government in Canada.

We believe that by working together Yukoners can achieve more than by working against one another, or by working separately and apart.

There is a growing list of agreements, protocols, accords and initiatives between our government and First Nations. Some examples include:

- an Intergovernmental Relations Accord with the Vuntut Gwitchin Government;
- a Memorandum of Understanding with the Kwanlin Dun First Nation for the corrections system, including the future replacement of the Whitehorse Correctional Centre;
- the Kaska Bilateral Agreement on Management and Development of Resources in southeast Yukon;
- a protocol on Consultation with Self Governing First Nations;

- an Implementation Agreement for forestry with the Champagne Aishihik First Nation;
- partnerships established with the Kaska and Selkirk First Nations on the Faro mine site and with Little Salmon Carmacks on the BYG – Mt. Nansen site;
- a North Yukon Economic Partnership Agreement with the Vuntut Gwitchin First Nation, the Tr'ondek Hwech'in First Nation and the Nacho Nyak Dun First Nation; and
- fire fighting contracts with ten Yukon First Nations.

Mr. Speaker, this list is not exhaustive but it does give an indication of the extent and complexity of the relationships that exist between the Government of Yukon and First Nation Governments.

In addition to these agreements, our government has helped sponsor relationships between Yukon First Nations, the Government of Canada and with industry.

We have facilitated and invested in the creation of the Alaska Highway Aboriginal Pipeline Coalition.

We have facilitated First Nation participation at the Canada Gala and in business summits.

We facilitated an agreement between Teck Cominco and the Kaska on R-15 in southeast Yukon.

We have facilitated a strategy session, funding and staffing assistance for the Yukon First Nations Tourism Association.

Once again, this list is not intended to be a comprehensive list of all that is being done.

On the social side of the ledger there are three major undertakings with First Nations, namely;

- The Children's Act Review with Health and Social Services;
- Consultations on Corrections with the Department of Justice; and
- Educational Reform with the Department of Education

Mr. Speaker, our collaborative approach to governance extends beyond our borders.

Our Pan-Northern collaborative approach with our two sister territories, the Northwest Territories and Nunavut, in our collective dealing with Ottawa has paid major dividends to all three territories.

I have already noted the successful Pan-Northern agreements we have negotiated with Ottawa; the $60 million Health Care Accord, the $150 million Health Access Fund, the $90 million Economic Development Agreement, the $120 million for the Northern Strategy, and more funding under Territorial Formula Financing.

Pan-Northern cooperation and collaboration have certainly paid off.

At the same time, our government is working collaboratively and forming alliances with the state of Alaska and provincial neighbours, Alberta and British Columbia.

On February 18, 2005, our Minister of Energy, Mines and Resources attended the inaugural meeting of the Western Energy Alliance in Calgary.

The Western Energy Alliance was formed by Premiers at the Western Premiers Conference held in Inuvik in July 2004. The goal was to pursue further cooperative initiatives in the energy field.

Mr. Speaker, one of our closest friends and allies is the state of Alaska, with whom we share so much in common.

In late February, our two governments met in Ottawa with the Prime Minister, Deputy Prime Minister, six Federal Cabinet Ministers and key decision makers in industry to promote two major strategic infrastructure projects, the Alaska Highway Natural Gas Pipeline and the proposed Alaska – Yukon Railway Project that would connect railroads in Alaska to railroads in the southern 48 through Canada.

Yukon and Alaska were in Ottawa speaking with one voice. Alaska has also offered to assist us in ensuring Yukon has port access through Skagway and Haines which is of vital importance to our economy. The Juneau access road if built would be another important transportation corridor of major benefit to the Yukon.

On March 7, 2005, Yukon and Alberta signed an agreement for cooperation on oil, gas and pipeline development that focuses on four key areas: training, capacity building, developing northern energy resources, and regulatory matters related to pipeline development.

Our government also has cooperation agreements with British Columbia and the Northwest Territories.

One of the best examples of collaboration, however, is occurring right here at home between the Government of Yukon, the City of Whitehorse and the Canada Winter Games Host Society.

Yukon's hosting of the 2007 Canada Winter Games has put the territory and indeed all three territories on the national stage.

This is the first time the Canada Winter Games will be hosted North of 60. Yukon's credibility is on the line.

These games must succeed.

Our government is supporting the City of Whitehorse and the Host Society to ensure the 2007 Canada Winter Games do succeed.

The 2007 Canada Winter Games are expected to generate economic benefits in excess of $70 million through the sale of goods and services and create 400 to 500 person years of employment for Yukon people.

Our government provided $4 million to the Host Society in advance to allow the Society to earn valuable interest revenue to support its capital and operations budget.

In January of 2004 our government contributed $8 million in support of the Whitehorse Multiplex Project to the City of Whitehorse, bringing our total contribution to the Multiplex Project to $17 million.

The Government of Canada agreed to provide $20 million towards infrastructure for the games.

When the lowest bid for the Multiplex came in $3.9 million over budget our government stepped up to the plate and split the difference with the City of Whitehorse on the cost overrun.

The next challenge was the Athletes Village.

With less than two years left before the start of the games, our government was advised that the Host Society's cost estimate for the Athlete's Village of $2.7 million was out by $17 million.

Once again, our government was called upon to step up to the plate.

We subsequently negotiated a Memorandum of Understanding with the City of Whitehorse to provide $20 million for the construction of the Athlete's Village whereas the City of Whitehorse will provide the Yukon Government with a grant equal to all municipal taxes on the Village for 10 years, the sale of 2 lots on the Waterfront valued at $2 million and a one third contribution to the Hamilton Boulevard Extension.

The contribution by the City of Whitehorse to the Athlete's Village is valued at $8.15 million.

Both governments and the Host Society are committed to ensuring the success of the Games.

To this end our government also expanded its Employee Volunteer Policy in order to increase volunteer support from government employees.

Under the new policy, employees will be able to request paid leave for a wider variety of tasks, for example working on planning committees. The time frame has also been expanded to include work in the two years leading up to the games and follow up work after the games.

The government is also seconding four full time employees to work on behalf of the Host Society.

We made a commitment in our 2002 election platform to: "Help make the 2007 Canada Winter Games a resounding success and memorable experience for Yukoners and our guests alike".

Our government is doing everything in our power to meet that commitment.

III. BUILDING A SUSTAINABLE AND COMPETITIVE ECONOMY

Our major election commitment to Yukoners in 2002 was to build a sustainable and competitive Yukon economy.

We have worked hard to keep that commitment.

In the statistics released on March 11, the Yukon's seasonally adjusted labour force totaled 17,000 as of February 2005. This figure represents an increase of 1,400 or 9 percent from February 2004.

Yukon's seasonally adjusted employment in February 2005 was 16,100, an increase of 1,500 or 10.3 percent from February 2004.

Yukon's seasonally adjusted unemployment rate in February 2005 was 5.3 percent, as compared to Canada's seasonally adjusted rate of 7 percent.

These are truly remarkable trends; our labour force is going up, while our unemployment rate is going down.

While these statistics clearly show an economic turn around has been achieved, our government recognizes that many rural Yukon communities have not experienced this turn around as yet and we will be introducing initiatives to address this rural disparity.

Economic Development

The Department of Economic Development, re-established by our government in keeping with our 2002 election commitment, in addition to its three new development funds, will undertake a major new initiative to develop a Rural Economic Development Strategy to enable rural Yukon communities to take advantage of their regional economic opportunities.

The Enterprise Trade Fund, which is administered by Economic Development, has approved $324,567 for 35 projects since its startup in August 2004, in support of business planning and market expansion initiatives by Yukon businesses.

The Community Development Fund, also re-instated by our Government, is assisting Yukon communities to realize their potential.

During fiscal year 2004 – 2005 eighty-six projects received a total of $3.8 million in funding, creating 116,000 hours of employment.

CDF has funded a wide variety of projects, some of the projects funded include:

- Freedom Trails Therapeutic Riding Association was awarded $2,040 for Certified Horsemanship Certification that will provide two Yukon residents with an Instructor and/or Assistant Instructor Certification.

- The 2004 Canada Senior Games, undertaken by the Elder Active Recreation Association, received $37,500 to fund viewpoint events, staffing, and IT systems.
- The Watson Lake Day Care received $284,000 for the construction and renovation of the daycare. This project created an estimated 9,600 hours of employment, an additional 24 daycare spaces and an additional four full time positions in the community.

Our government and Dana Naye Ventures have reached a deal for the collection of delinquent government loans which will, at the same time provide a program to support the Yukon's economy. Dana Naye Ventures will take over collection of about $2.1 million in delinquent loans and, in turn, feed the money into a small business development fund.

The Department of Economic Development is seeding a loan capital fund of $300,000 with the Department of Finance providing $50,000 to help cover expenses associated with the loans collection.

At the same time, the Department of Economic Development has been taking steps to diversify our economy and build upon the strategic industries in each region.

A recent example is the Memorandum of Understanding signed on January 6, 2005 to develop Carcross as a tourism destination. The 'Destination Carcross' MOU was signed by the Carcross Tagish First Nation, Whitepass and Yukon Route, and the Government of Yukon. It is designed to take advantage of the increase in volume of train passengers that will make Carcross an attractive tourism destination while contributing to business opportunities in the region.

An example of diversification is the very successful Film and Sound Commission. Two new funds were created to help stimulate development in this promising economic sector.

The Yukon's developing film and sound industry contributed a total of $2 million into our economy in 2004. The 'Big White' film project alone employed 202 Yukoners while it was here.

Other successful applicants included 'The Man Who Wouldn't Fit In' by Allan Code, an historical documentary about the Mad Trapper of Rat River, and 'Northern Town' a six part, $3.3 million production, television series by Daniel Janke and Daniel Iron of Tagish Lake Films.

Mining, like tourism, continues to be an economic mainstay.

The Department of Economic Development organized a Mineral Investment Tour in September of 2004. The tour was comprised of a group of mining journalists, investment analysts, and brokers from across Canada who were interested in Yukon's mineral potential.

Similarly, the Minister and Deputy Minister of Economic Development visited a number of mining operations and manufacturing centres in China at the invitation of Orient Mining Ltd., who subsequently established an office in Whitehorse.

Orient Mining Ltd. and other Asian mining companies have visited the Yukon in order to explore new opportunities in Yukon-based mining projects.

Energy, Mines & Resources

The Minister of Energy, Mines and Resources is predicting a banner year for mining in 2005 due to high mineral prices for placer mining and expected increased activity in exploration.

Mining exploration is expected to top $30 million in 2005. When our government took office in 2002 mining exploration was only $6.9 million.

If the exploration predictions for 2005 prove true, mining exploration under our government's watch, will have more than quadrupled in two years.

Our ongoing Yukon Mining Incentive Program will continue to contribute to increases in prospecting, exploration and development in the mining sector based on historical intake of the program.

In 2003, the program generated a 300 percent return on investment, supporting 48 companies or individuals.

This resulted in 761 claims being staked, over 1,300 person days of employment with 78 percent of the $1.8 million generated being spent in the Yukon.

There were 68 applications approved in 2004 so we are anticipating even better results for 2004 when the information becomes available.

The extension of the Yukon Mineral Exploration Tax Credit is also assisting in the increased mining activity in the territory.

The Yukon currently has three active advanced exploration projects underway at Yukon Zinc Corporation, Tagish Lake Gold and Freegold Ventures.

The Department of Energy, Mines and Resources in conjunction with the Departments of the Environment and Executive Council Office has implemented a process of Integrated Resource Management.

Part of the Integrated Resource Management process has seen the establishment of a major project oversight committee of Deputy Ministers, chaired by Energy, Mines and Resources that is designed to help companies move through the permitting process properly and efficiently so they can realize the start up of their mining projects.

Each project is assigned a coordinator whose primary function is to work closely with the companies to provide advice and help them through the regulatory process.

Two projects, Western Silver's Carmacks Copper Project and Yukon Zinc's Wolverine Project, are utilizing the Integrated Resource Management process.

Yukon Zinc is doing underground test mining at its Wolverine Project and is concluding a Socio-Economic Agreement with the Kaska Nation.

Western Silver is in the process of re-entering the environmental assessment and permitting process for its Carmacks Copper property. A feasibility study of the project was completed in 1998.

We anticipate that Western Silver will be filing an application for a production license this spring.

Tagish Lake Gold is working on an underground drilling program at Skukum Creek Gold-Silver deposit in the Wheaton River area.

Freegold Ventures recently announced resumption of drilling on the Grew Creek gold deposit located 35 km west of Ross River.

The placer mining industry has always been the bedrock of mining in Yukon and good progress is being made on the development of a new framework for the Yukon Placer Authorization.

We are working collaboratively with the Department of Fisheries and Oceans, the Klondike Placer Miners Association, and the Council for Yukon First Nations on the design and development of a new regime that will be ready for implementation prior to 2007.

Our government is also working to ensure hard rock mining projects are managed in a sound and sustainable manner that will bring maximum benefits to Yukoners.

A reclamation and closure policy based on national mine site reclamation policies is currently being developed in consultation with First Nation governments, industry and other interested parties.

As a consequence of devolution, our government is also responsible for the management of Type II mine sites in the territory.

This year our government will receive approximately $11.9 million from Canada to manage four Type II mine sites.

We will receive $1.9 million for Mt. Nansen, $1.0 million for Clinton Creek, $3.9 million for United Keno Hill and $4.9 million for Faro.

Our government is utilizing these funds to maximize employment and business opportunities for Yukoners.

Further, the interim receiver, Pricewaterhouse Cooper, initiated the marketing of the UKHM assets in January.

The priority of this government is to see UKHM return to private sector ownership as an operating mine.

Another strategic industry is oil and gas development.

Last fall Devon began drilling a new well on their Kotaneelee disposition in southeast Yukon.

In February 2005, Yukoners saw 50 trucks hauling a drilling rig up the Alaska and Dempster highways.

Devon Canada is drilling an exploration well on one of their permits in Eagle Plains in north Yukon.

We have increased the budget to the Oil and Gas Development and Pipeline Branch within EMR by $567,000 in order to prepare for the construction of both northern pipelines. This work will include a submission and intervention in National Energy Board hearings on the Mackenzie Valley Pipeline.

Our government takes the position that both the Alaska Highway Natural Gas Pipeline and the Mackenzie Valley Pipeline are needed.

Industry has indicated that the Mackenzie Valley line will be built first in 2009 while the Alaska Highway line will be constructed in 2012.

Our government is working to ensure that Yukon must benefit from the construction of both lines.

Our position is clear:

- a clear regulatory process border to border for the Alaska Highway Pipeline Project;
- access for Yukon gas in either northern pipeline;
- Yukon must benefit fiscally and socially from these pipeline projects; and
- there must be financial assistance to help Yukon First Nations and other Yukoners prepare for northern pipeline development.

The fact that the Alaska Highway Pipeline will be located within a corridor where more than 80 percent of Yukon's population resides means that its construction will have a significant impact on the lives of most Yukoners.

That is why it is critical that benefits from pipeline construction and operation benefit all of our citizens.

It is our position that the Government of Canada must provide regulatory certainty for the Alaska Highway Pipeline Project through the Northern Pipeline Act or by a National Energy Board project proposal.

Whatever regulatory regime Canada selects it must meet the conditions I have outlined in our position.

The Government of Canada must also assist Yukon First Nations to prepare for the Alaska Highway Pipeline just as they have provided assistance to First Nations in the NWT to prepare for the Mackenzie Valley line.

Our government has already facilitated and invested in the creation and operation of the Aboriginal Pipeline Coalition.

This budget provides a further $200,000 to help APC leverage federal funding.

Forestry is another strategic industry that can create jobs in rural Yukon communities.

In 2004–2005, 90 commercial permits for a total of 65,900 cubic metres and 590 permits for personal use totaling 16,700 cubic metres were issued.

Four permits were issued through public tender for year one wood supply and the remaining potential permits are on hold pending forestry agreement finalization.

The area of supply in years 2 and 3 for 186,000 cubic metres is under the environmental review process.

This budget will provide $250,000 for forest silviculture as part of our good forest management stewardship practices.

Tourism & Culture

Tourism has proven to be a key strategic industry that has helped sustain, diversify, and enhance the Yukon economy while mining and forestry were in decline.

The Department of Tourism and Culture is proceeding with its Tourism Cooperative Marketing Fund that was announced last year.

The fund facilitates market-ready or export-ready tourism businesses, First Nations, municipalities, organizations and consortiums to partner with Tourism Yukon in the promotion of Yukon tourism product to target prospective visitors from around the world.

Of the $500,000 in the fund, $350,000 is for market development administered by the Department of Tourism and Culture whereas the remaining $150,000 is for consumer trade shows administered by the Tourism Industry Association of Yukon.

The uptake on this new program has been very positive with more than 39 applications approved for marketing initiatives and another 31 approved for trade and consumer shows.

Our government has also launched a new, $350,000 Alaska Highway Scenic Drives Marketing Campaign.

The campaign includes a direct mail out and email blitz to over 100,000 targeted leads acquired through purchased direct mail lists and marketing partnerships.

A new website offers the potential traveler a virtual tour of the Alaska Highway through colourful images and information on communities, people, attractions and events.

Our $350,000 investment in 2005-2006 will see interpretive signage installed on the Alaska Highway and will allow us to feature the North Klondike Highway scenic drive.

Other highways will be highlighted as scenic drives in future years.

The government will invest a further $150,000 in new money in the 2005–2006 fiscal year to finalize the Yukon Tourism Brand Strategy, for a total investment of $200,000 for the branding exercise this year.

This strategy will identify key brand attributes of the Yukon for integration into all tourism marketing programs to the benefit of the Yukon economy.

We will also be increasing our investment in media and public relations by $25,000 in order to continue attracting qualified travel writers to the Yukon.

This new money increases our overall FAM tour budget for 2005–2006 to $124,500.

The touryukon.com website will see a $25,000 increase bringing its total budget for 2005–2006 to $140,000.

Since 2003-2004 we have increased the budget for tourism marketing by more than $2 million.

Our total tourism marketing investment of almost $9 million for 2005-2006 demonstrates our commitment to tourism in this territory and our recognition of its importance to our economy.

The Cultural Services Branch has a number of initiatives that will contribute to the Yukon economy as well.

In September of 2005, there will be a special exhibition of Yukon First Nations contemporary art in Zurich, Switzerland.

The exhibit will run until March or April of 2006 and will present the work of 12 Yukon artists who represent various language groups, art forms and artistic approaches.

Our government is investing $30,000 in this exhibition which will give international exposure to Yukon First Nation artists as well as expand their marketing efforts to a wider audience.

There is great interest in First Nation art throughout the European marketplace.

Our government is increasing the Yukon Arts Centre's annual core budget by $150,000 bringing the total budget for operations to just under $650,000 per year.

This is the Arts Centre's first increase in five years.

This 30 percent increase will ensure that the centre continues to be a catalyst for the growth of arts and cultural industries in the Yukon.

The Cultural Services Branch is providing $200,000 in funding over each of the next two years for the Decade of Sport and Culture.

As part of the Decade of Sport and Culture, the Yukon Arts Centre will receive $157,000 towards Culture Quest, while the Yukon Convention Bureau will receive the remaining $43,000.

Culture Quest is an array of cultural activities that will inspire Yukon artists, First Nations, heritage organizations and cultural industries to develop talent and create work that showcases who we are as a community and a territory.

The goal of the program is to draw attention to our culture and youth and inspire Yukoners to participate in cultural activities before, during and after the 2007 Canada Winter Games.

We hope that the 2010 Winter Olympics will also give members of the Yukon community the opportunity to showcase their work.

Our government is continuing to sponsor ice patch research with another $100,000 being provided for investigation by First Nations and scientists with Tourism and Culture and Environment each contributing $50,000.

The 2004 field season was the most successful since 1999 with four new ice patches recorded and three dozen new artifacts found.

A successful four day field camp involving youth from nine Yukon First Nations was carried out as part of the project and included presentations from scientists on various aspects of ice patch research, oral history provided by elders, recovery of ice patch specimens and demonstrations of the Atlatl or hunting dart technology.

There is considerable media interest in ice patch research with articles being published in "Up Here Magazine", "American Archaeology", and "The Mammoth Trumpet".

Two research reports were published in the journal "Arctic" at the University of Calgary with a third pending in the next issue of the journal.

Dr. Paul Matheus, a local paleontologist, has been contracted to analyze mammalian vertebrate remains recovered from the ice patches since the start of the program in 1999.

Yukon's history and pre-history are drawing cards that attract visitors and scientists alike to the territory.

First Nation cultural centres, museums, heritage attractions, research and product development all play an important role in the growth of Yukon tourism.

On February 19, 2005, at the Kwanlin Dun First Nation "Back to the Water" Treaty Signing Ceremony, the development of the Kwanlin Dun Cultural Centre on the Whitehorse Waterfront was emphasized to become: "The most significant and symbolic building along the water's edge, drawing visitors and locals alike to experience the Yukon River and our First Nation heritage."

Both the Government of Yukon and the Government of Canada are also committed to invest a total of $22 million on waterfront development over the next three years under the Canadian Strategic Infrastructure Fund Agreement.

Each government will invest $9.5 million to fund the Whitehorse Waterfront and $1.5 million to fund the Carcross Waterfront.

Our Minister of Tourism and Culture is playing a lead role in the development of the Whitehorse Waterfront.

In Whitehorse, while recognizing the historical and cultural importance of the waterfront, developments will focus on basic infrastructure improvements that will be the foundation for a range of urban development initiatives.

These include water, sewer and street improvements and extensions; upgrades to the Kishwoot Island suspension bridge; and relocation and restoration of heritage buildings.

As well, at the request of business and community interests, funding has been nationally earmarked to address specific cultural infrastructure needs that the business, arts and heritage communities are collaboratively proposing to us.

Our government will invest $3.5 million this year as construction begins on these improvements in Whitehorse and design continues with public input on other elements such as arts and cultural facilities, dock improvements and trolley extensions.

In Carcross, the funding will enable community clean up; water, sewer and road improvements; landscaping and upgrades; and construction of river structures.

This infrastructure investment is a fundamental building block in our strategy for revitalizing the Yukon economy.

Our government is looking forward to working with these communities on their waterfront projects, which will provide jobs and enhance the value of the waterfronts as people places for the enjoyment of residents and tourists for years to come.

Communication and transportation infrastructure are also key ingredients in building a sustainable and competitive economy.

Highways & Public Works

The Department of Highways and Public Works is requesting approval for $72 million for capital projects in the 2005-2006 Budget that will address these infrastructure needs, provide jobs and safer and better service to all Yukon communities.

Our government will be investing $5 million towards developing a replacement mobile radio system throughout the territory.

Mobile Communications Solutions (MoCS) is the new system that will replace the outdated Multi-Departmental Mobile Radio System (MDMRS).

This years' budget dollars will fund infrastructure and cell technology costs. Ultimately, this new system is expected to provide cell phone service to 17 Yukon communities.

The radio system provides remote and mobile communication to rural Yukoners and to organizations throughout the territory, including the RCMP, for the health and safety of all Yukoners.

The Information Technology Sector is also a key element in promoting economic growth and once again as in 2004-2005, our government will be providing $5.8 million for departments to upgrade computers, networks and applications that support government programs.

In total, the Transportation Division of Highways and Public Works is requesting $57 million to maintain, upgrade and further develop the territory's infrastructure.

The highways budget includes $24.45 million toward a continued investment in the Shakwak Project by the United States of America.

This funding is to reconstruct and to surface a two-lane 100 km/hr standard to the Alaska Highway north of Haines Junction, and the Haines Road.

The federal Canada Strategic Infrastructure Fund (CSIF) is providing $10.3 million for a comprehensive upgrading of the Alaska Highway north of Whitehorse to Haines Junction.

Work includes reconstruction, BST application, culvert replacement and bridge deck replacements.

An additional, approximately, $8.0 million is being spent on the following roads:

- $2.75 million for the Campbell Highway that includes widening, upgrading and applying BST between Carmacks and Faro and $1.5 million for HERC projects which are designed to provide employment for Yukoners in rural Yukon;
- $1 million for the Dempster Highway which includes placing protective rock blankets to control erosion, gravel surfacing and snowdrift control work;
- $400,000 for the Top of the World Highway including strengthening the road base in areas where the BST has broken and replacing it;
- $320,000 for the Tagish Road;
- $300,000 for the Klondike Highway;
- $300,000 for the Rural Roads Upgrading Program;
- $100,000 for the Alaska Highway Intersection Improvements in Whitehorse;
- $1.1 million for other road projects such as surfacing the Dome Road in Dawson and planning work for the Takhini Hot Springs Road and vegetation control; and
- $2 million for pavement rehabilitation throughout the territory.

Bridge work totals $4 million which includes $1.9 million for development work on the Yukon River Bridge Project at Dawson City and $1.245 million for rehabilitation work on the Takhini River Bridge Deck.

The construction of a bridge across the Yukon River at Dawson City is a 2002 election commitment.

Ultimately, it is more economic for the government to build a bridge than to replace the existing ferry that costs over $1 million annually to operate and provides only seasonal access.

The bridge will improve access to West Dawson, Sunnydale and the Top of the World Highway for area residents and will eliminate long ferry backlogs on days when tourist traffic is heavy.

The project is currently being developed as a public private partnership pilot project using a design/build/finance approach.

The ultimate decision to utilize a P-3 approach rather than a traditional tendering process will depend on the economic business case for the P-3.

Work in 2005-2006 will focus on quarry development for rip rap and aggregates, possible approach road construction and development of lay down areas at the east and west bridge approaches.

Work on in-stream piers may be undertaken in the latter part of the fiscal year.

The Airports Branch of Highways and Public Works is requesting approximately $7 million to fund capital projects in this years' budget which will include:

- $4 million to reconstruct the Old Crow terminal building, runway and lighting improvements; and
- $2.3 million to make improvements at the Whitehorse airport including a baggage handling system upgrade, and design and construction work on the terminal building to improve the customs service processing of international flights.

Our government remains committed to providing the necessary communication and transportation infrastructure to support our growing economy to keep Yukon communities connected to one another and the outside world.

IV. BUILDING HEALTHY COMMUNITIES, ENVIRONMENT AND BETTER QUALITY OF LIFE

Our election platform committed our government to an ambitious, exciting and progressive social agenda.

We have stated previously that a prosperous economy will be of little benefit to Yukoners who are not in a position because of education, training or health and social problems to take advantage of those economic opportunities.

The initiatives outlined in this budget and our two previous budgets are helping to build healthy communities, environment and better quality of life for all Yukoners.

Community Services

Proper and adequate recreation facilities and community halls are important to all Yukon communities both big and small. They are the focal point of community life especially in rural Yukon communities.

The Department of Community Services has included $1 million in the 2005-2006 Budget to upgrade the arena in Teslin by completing renovations for the mezzanine and installing an ice plant for the facility.

These upgrades should be complete in time for the 2005-2006 winter season and will provide a longer arena season for hockey and skating.

Once complete Teslin will be able to host recreational and hockey events with more room for spectators.

Recreation, especially for youth, is also a priority in Ross River where the community hall is well underway with a total budget of almost $2.1 million.

The foundation system was installed last fall and the design has been approved.

The Capital Budget for 2005-2006 includes $450,000 for the construction of the community hall in Ross River this summer.

The contract has been awarded to TSL Construction and there will be opportunities for local employment during construction.

By the end of July next year, the multi-use building should be ready to serve the whole community of Ross River by providing quality space for the daycare and for meetings, as well as a whole variety of community gatherings.

During our community tour, we also heard from other rural communities such as Mayo and Marsh Lake about how important such facilities are to their communities and our government committed at that time to provide funding in the 2005-2006 Budget for these worthy projects.

We have kept that commitment.

Our government is investing in improvements in many other communities because we place a high priority in developing and maintaining infrastructure to improve the quality of life in rural Yukon.

For Mayo, the 2005-2006 Budget includes $100,000 to stabilize the Mayo River dyke. This years' budget will pay for environmental assessments, design and regulatory approvals and next year, construction is scheduled to be completed.

By reinforcing the Mayo River dyke, we can remove potentially harmful materials used to build the original dyke in the 1960s, reduce future O&M costs and guard against the possibility of a major dyke failure.

For Old Crow, the 2005-2006 Budget includes $300,000 towards stabilization of the Porcupine River bank to prevent the bank from eroding to the point where roadways, building and public safety could be threatened, especially during severe ice breakup conditions.

The Vuntut Gwitchin First Nation is managing this $1 million project under a Contribution Agreement that our government signed with the First Nation last year. The work is scheduled to start this summer following environmental and regulatory approvals and is expected to be completed next year. Since the project is being contracted locally, it is providing substantial local employment.

The Ross River Roundtable has requested upgrading of the walking bridge over the Pelly River to ensure its safety. This bridge was built during the 1940s during construction of the Canol Pipeline and it continues to be well used by local residents, as well as being a popular tourist attraction.

In response to Ross River's request our government has budgeted $100,000 for repairs, and the Departments of Community Services and Highways and Public Works are planning to have the work done this summer following a professional assessment of what is required to restore this structure.

For Dawson City, the budget includes $500,000 to renovate the old liquor store for the Klondike Institute of Arts and Culture. This project is scheduled for completion later this year.

Implementing responsible sewage treatment systems is a priority and our government is responding with funding for water and sewer infrastructure in many Yukon communities to meet the needs in rural Yukon.

For Carmacks, our government is committed to investing up to $5.1 million to leverage matching funds from Canada through the Canadian Strategic Infrastructure Fund.

Community Services is working to develop a CSIF application to address Carmacks' need for an upgraded or replacement sewage treatment plant to meet the waste water service requirements of the entire community for the next 20 years.

Planning and design began last year and this year our government has budgeted $2 million for the project. The Yukon government and the Village of Carmacks plan to finalize a second contribution agreement for construction of the sewage treatment system when the costs are more clearly defined through the selection of an appropriate treatment system and water licensing processes.

For Carcross, our government is budgeting $100,000 this year to complete the last phase of the $3.9 million Carcross sewage treatment and disposal system. A new storage and treatment facility was completed in 2004 and disposal facilities will be designed this year for construction when required, based on the performance of the existing storage lagoon.

The Carcross sewage treatment system provides the community with an appropriate treatment system facility for its waste water with very low impact on the environment. The design will accommodate the community's needs as it grows and develops and would provide the infrastructure necessary to accommodate the Four Mountains Resort sewage requirements.

$1.2 million is budgeted to begin construction of a new multi-celled sewage lagoon just south of Burwash Landing and replacing the existing facility in the centre of Destruction Bay. Construction of the new environmentally sensitive facility is expected to be completed next year. The new facility will better serve the needs of both communities and end long-standing odor problems in Destruction Bay.

For Dawson City, our government is committed to investing $1.5 million to leverage matching funds from Canada through the Canadian Strategic Infrastructure Fund to address the long-standing issue of sewage treatment in Dawson City.

This year, aerated lagoons will be pilot tested and alternative treatment processes in Alaska, northern British Columbia and Alberta will be investigated to determine whether they would perform well in Dawson's climate, provide an environmentally acceptable treatment process that is suitable to Dawson's size and location, be cost-effective to construct, and affordable for Dawson residents to operate and maintain.

Overall, more investment in infrastructure is possible this year than ever before because our government reached a final agreement with Canada in January for a total of $32 million in Canada/Yukon matched funding over five years through the Municipal Rural Infrastructure Fund (MRIF).

This year, our government has budgeted $8 million to leverage matching MRIF money from Canada.

All Yukon communities will be eligible to apply and announcements of approved projects are planned to start in June.

Categories of MRIF projects include traditional infrastructure, such as drinking water supply, wastewater and solid waste treatment systems and local roads, but also infrastructure related to public transit, culture, tourism and internet connectivity.

Our government is working with local governments and First Nations to develop land to meet the growing real estate market in Yukon and to develop a comprehensive policy for the orderly planning, development and disposition of lots throughout the territory.

We are currently working with the Village of Haines Junction to develop a 14 lot subdivision of larger (six hectare) rural residential lots near the airport. Planning, design, environmental assessment, and construction started last year. This year, $250,000 is budgeted to complete road construction, BST road surfacing and overhead phone and power lines for the new subdivision in Haines Junction. The lots will be ready to be sold by lottery later this year.

In Whitehorse, a record of 170 lots sold in 2004 compared to 78 lots in 2003. Based on this strong market demand, our government is committed to developing lots in Whitehorse to meet the demand.

The Yukon government develops lots on a full cost recovery basis. The investment made now is expected to be returned in full over the new few years given the strong demand for real estate in Yukon.

Our government is also responsible for meeting the social housing needs of Yukoners, for seniors and for staff.

We have budgeted $830,000 under the Affordable Housing Agreement. This funding will largely be directed at meeting the needs of seniors and those Yukoners with special housing needs.

The Yukon Housing Corporation has set energy efficiency standards for the units built under this program and will require all units to be designed to accommodate people with disabilities and special housing needs.

The Affordable Housing Agreement was recently amended to enable federal funding of both rental and home ownership units built by private individuals, the private sector, non-government and not-for-profit organizations.

Representatives of the Yukon Council on Aging and the Yukon Council on Disabilities will play an active role in the application and evaluation process.

The Board of Directors of the Yukon Housing Corporation is responsible for approving the program criteria and for selecting projects for funding. Announcements of successful applicants may be as early as April.

Youth Directorate

Our government continues to provide a strong focus on youth in this budget as in previous budgets.

The Youth Directorate under the auspices of the Executive Council Office provides funding for three key Whitehorse youth groups.

Each group receives $110,000 annually for their ongoing operations and provides a valuable service to youth on behalf of government.

Bringing Youth Towards Equality or "BYTE" is advocacy based and targets youth involvement and education initiatives to a broad youth audience.

The Youth of Today Society, or "YOTS", serves youth between the ages of 16 to 25 and is an employment focused group.

The Whitehorse Youth Centre Society/Boys & Girls Clubs of Canada serves a 13 to 18 year age group and provides education through activities and a prevention focus.

Our government also provides funding to communities through a variety of existing community groups or a First Nation office.

The Winter Activity program for youth is sponsored by the Youth Directorate and delivered by Crime Prevention Yukon with a budget of $200,000.

Sixteen rural Yukon communities and the Kwanlin Dun First Nation each receive $8,600 for winter projects, activities, training and employment for youth and must have youth input into how they spend the funding.

Funding of $5,000 is also provided to sponsor community youth activities in eight communities who do not participate in the summer leadership program.

The summer leadership program itself is sponsored by the Department of Justice, providing training to youth from rural communities each summer.

This training assists communities in providing activities to younger youth in their home communities. Activities vary every year, but can include program planning, risk management, communication skills and proposal writing.

Our government will also host an International Seminar on Youth Substance Abuse in the north in May 2005.

The Youth Directorate is overseeing the Yukon Steering Committee who is providing input into the conference and ensuring Yukon's interests are considered.

As a consequence of the Kwanlin Dun Final Agreement, our government is providing $150,000 to meet a commitment to fund a First Nation's traditional use study focusing on traditional harvest practices.

The objective of the study is to identify ways to encourage and facilitate elders in the sharing of such traditional practices with Kwanlin Dun First Nation youth.

Environment

Our government is continuing to provide financial support for the Vuntut Gwitchin First Nation's lobby efforts to protect the critical habitat of the Porcupine Caribou Herd.

The Vuntut Gwitchin First Nation has indicated to our government that they wish to take the lead in the lobbying effort and we respect their position.

When the opportunity arose, however, our government did express the need to protect this critical habitat directly in person to the President of the United States.

The Department of Environment is responsible for management protection and conservation in the Yukon.

In keeping with this mandate, it is responsible for facilitating and enabling the delivery of sound environmental management programs and territorial parks services in Yukon, including the protection and conservation of the natural environment, fish, wildlife and their natural habitats, through the development and implementation of supporting strategies, programs and services.

The Department of Environment is also improving its capacity and capability in providing strategic communications, public consultations, media relations, and other services by establishing a new corporate position of Communications Assistant.

The coordinator for the Yukon Youth Conservations Corp (Y2C2) and the Conservation Action Team (CAT) will be turned into a seasonal auxiliary position for a six month period annually.

Concerns related to youth worker safety and government liability are the reasons for the change.

More resources have been requested to expand and revitalize the Deputy Conservation Officer Program. The additional resources will triple the number of Deputy Conservation Officers and will provide the vehicles, training, ongoing safety equipment and other materials.

Our government is also working closely with Holland America on a number of initiatives.

Holland America is currently negotiating with the Trondek Hwech'in First Nation and our government to provide hiking and interpretive opportunities into Tombstone Territorial Park starting in May 2005.

In accordance with an agreement being negotiated with Holland America, our government will hire a Tombstone Liaison/Tour Manager for a three year term beginning in mid-April 2005 and ending in mid October. This position will manage the project as Holland America will be hiring up to 12 Interpretive Guides and weekly visitors to the area are expected to be between 300 to 500.

The staff position is consistent with a similar initiative by Parks Canada for Kluane National Park whereby a designated staff person is assigned to manage Holland America activities in that park.

Our government is also involved with Holland America and the Yukon River Panel to study the effects of the passage of the Yukon Queen II and the resulting wake on fish mortality in the Yukon River downstream from Dawson City to Alaska.

The object of the study is to identify potential operational and other measures to mitigate any significant effects and risks to fish stocks and habitats.

The Department of Environment is implementing another research project, the Yukon Boreal Forest Monitoring Project.

This project continues to expand the Kluane Ecological Monitoring Project to monitor the state of the Yukon forest ecosystem with concentration on the key interactions in the boreal forest food web.

The components of the boreal food web have been monitored in the Kluane region since the 1970's and this project expands these surveys to other regions of the Yukon with the assistance of local communities and First Nations.

An important component of this project will be to gather information on the historical conditions of the study sites from First Nation elders and other long-term residents. This project will form a broad baseline to measure the impacts of climate change on Yukon's forests.

Funding for this research project is 100 percent recoverable from the University of British Columbia.

Education

Our government is making a major investment in this budget both in physical infrastructure and in programming.

School construction, expansions, and renovations total $11.3 million in the 2005-2006 Budget:

- $5.4 million has been allocated for construction of the Tantalus School in Carmacks;
- $2.65 million has been allocated for the Porter Creek Secondary School cafeteria expansion and renovations;
- $2.415 million has been designated for the Teslin School renovations and new gymnasium to begin construction in 2005;
- $800,000 has been assigned to complete the installation of a ground source heat pump for the Vanier Catholic Secondary School; and
- $400,000 to improve the ventilation system for the Jack Hulland Elementary School.

Our government has been encouraging Yukoners to enroll in trades and technology training because of the high demand for trade's people across North America.

The Department of Education has allocated $1.5 million for Community Training Funds in this budget.

A pre-employment program for the piping trades started in January because of the high demand for this trade.

The pre-employment piping trade's course will provide training in both the plumbing and steam fitter/pipe fitter trades and students will have the option to challenge the Level 1 Apprenticeship Exam at the end of the course.

Our government is also providing Carpentry Level I Training in Carmacks that commenced in February to help the local residents seize local and regional job opportunities in construction in the next building season.

Providing training opportunities in the communities is important to our government as these training programs allow residents to develop the skills they need to take advantage of local work opportunities and provides them with valuable skills they can use for the rest of their lives.

The Department of Education has embarked on a 3 year program to replace the current fleet of 12 school vans and has allocated $280,000 for this purpose.

In keeping with our 2002 election commitment, $100,000 has been designated to index the Student Grant to keep it relative to the cost of living.

On January 31, 2005, our government announced the opening of the Individual Learning Centre in Whitehorse at 407 Black Street. This is one of the many avenues to assist youth who have dropped out of school to re-engage in learning.

The ILC is staffed by two full-time teachers and two remedial tutors. To date 57 individuals aged 15 to 21 are enrolled at the ILC.

Our government is committed to encouraging students complete their high school studies. The school offers a flexible, supportive environment to encourage students to continue working towards their high school diploma and ultimately to become lifelong learners.

In addition to following the standard curriculum, students at the ILC are also offered work experience opportunities that will count as credit towards high school graduation.

Our government has made literacy a priority because we want Yukoners to have access to the training they need to succeed in the work force and in their communities.

Accordingly, our government has allocated $100,000 to update and implement a new Yukon Literacy Strategy.

Another important initiative of our government is the expansion of full-day kindergarten to all Whitehorse schools and some rural schools over a two year period, beginning in September 2005.

Full-day kindergarten is an excellent way to help our students build a strong base in literacy. The intent of the full-day kindergarten is to ensure that students receive the instruction and developmental time they need so that they can approach Grade 1 with a strong set of skills.

The program was piloted in Elijah Smith Elementary School and students there showed a marked improvement in their learning during the year and had a more successful transition to elementary school.

Full-day kindergarten will be implemented at the following schools in two phases based on the 2005-2006 Budget:

- Phase 1, beginning September 2005: Selkirk Elementary, Grey Mountain Primary, Christ the King Elementary, Takhini Elementary, Jack Hulland Elementary, and Holy Family Elementary;
- Phase 2, beginning September 2006: Hidden Valley Elementary, Robert Service School, Whitehorse Elementary (English and French Immersion), and Golden Horn Elementary.

The nine Whitehorse schools join Ecole Emilie Tremblay and Elijah Smith Elementary which currently operate full-day kindergarten programs. Robert Service will join Tantalus and Johnson Elementary as rural schools with full-day programs. Other rural schools have two years of half-day kindergarten for four and five year olds.

Phase 1 will cost approximately $300,000 to implement in the 2005-2006 fiscal year.

Cultural program activities in schools play a key role in our schools and language is at the heart of culture.

The Department of Education budgeted $111,000 in 2004-2005 to hire two new native language instructors and has allocated a further $72,000 in this budget to bring the number of First Nations language instructor trainees to six.

Our government remains committed to the revitalization of Yukon Aboriginal languages and has entered into an arrangement with the First Peoples Cultural Foundation to pilot the First Voices Program in Yukon.

The Department of Education and the Executive Council Office allocated $150,000 in 2004-2005 to operate the pilot program in three Yukon First Nation communities and two schools.

The government and First Nations will evaluate the results of the pilot project before deciding whether to introduce First Voices to other schools.

The Department of Education is also working in partnership with Heritage Canada by budgeting $185,000 to expand late French Immersion to Grades 6 and 7.

One of the most important initiatives our government and First Nations governments is undertaking is Education Reform.

Discussions are currently underway with the Council for Yukon First Nations to initiate a process to reform the education system to better meet the needs of First Nations.

Our government has allocated $794,000 in 2005-2006 to undertake this initiative.

While self-governing First Nations, have the legislative authority to draw down education to serve their citizens, our government believes that the public government system through Education Reform can be adapted to meet their needs as well as serve the needs of other Yukoners.

Justice

The Department of Justice as well is embarking on a major consultation initiative in conjunction with the Council for Yukon First Nations.

Our government has allocated $633,000 in 2005-2006 to review the Yukon's current corrections system.

The Consultation on Corrections Project is designed to consult with Yukoners about the challenges and opportunities for delivering corrections programs and services that meet the changing needs of offenders, victims and communities.

The project will help to identify problems and possibilities by focusing on:

- issues facing offenders, victims, families and communities;
- the challenges and opportunities in corrections programs and services;
- the options for delivering programs and services; and
- the roles and capacity of communities and the corrections system.

Our government believes that Consultation on Corrections in Yukon should be program driven rather than facility driven.

Our government is committed to ensuring that First Nations have more involvement in the design, delivery and evaluation of correctional programming because the majority of the inmates in the Whitehorse Correctional Centre are First Nation.

In the interim, pending the construction of a new facility and consultations on correctional reform, our government is working to provide quality programs and services at the existing facility.

On March 11, 2005, the Minister of Justice announced three new programs for the Whitehorse Correctional Centre in the 2005-2006 Budget:

- $174,000 for mental health services;
- $120,000 for an Elders and First Nation Cultural Program; and
- $35,000 to build a shop for trades program.

Research indicates that individuals suffering from mental health problems need to be better supported within the justice system throughout Canada. The Yukon is actively working to address this issue by providing increased counseling treatment, staff training, and to renovate treatment facilities.

First Nation inmates have expressed an interest to reconnect with their culture. Elders will be brought into the facility on regular basis to provide First Nation cultural training.

Additional First Nations' programming will be developed and may include medicine wheels, traditional sweats and other culturally relevant programs.

The Department of Justice will enter into discussions with CYFN and other First Nations to determine how these programs could be delivered.

The development of a shop will expand department programs to give inmates technical skills they need to succeed in the workforce. Existing programs include small engine repair, industrial first aid and chain saw safety.

Our government is also allocating $100,000 in this budget to implement an intensive bail supervision project to support individuals who are in the community on bail awaiting the outcome of their charges, or while on a community disposition.

This program will reduce admissions to the Whitehorse Correctional Centre and enhance community safety/crime prevention as these individuals would be in a structured environment for most of the day.

Health and Social Services

Drug and alcohol abuse is an endemic and enduring problem that touches most aspects of life in Yukon.

Substance abuse undermines the health of individuals and communities. It is associated with physical harm to individuals including death, illness, addiction, the spread of diseases such as HIV/AIDS and hepatitis, and injury caused by drug-related accidents and violence.

It creates psychological harm among those who are addicted and creates barriers to education for youth and adults.

Substance abuse is often associated with crime and social disorders that diminish the quality of life for all Yukoners.

There is a strong link between substance abuse and family violence which adversely affects the quality of life of many women and children.

Substance abuse also harms the economy – substantial resources are spent on the illegal drug trade and enforcement efforts, as well there are economic harms to individual users and society such as costs of decreased and lost productivity, work place accidents and health care.

In November 2004, the Leader of the Official Opposition put forward the following motion that was passed unanimously by this House:

> "That the House calls upon the Government of Yukon to work in conjunction with all other levels of government in the Yukon to convene a territory-wide summit to develop a comprehensive action plan to combat substance abuse, which is a destructive and growing force in both urban and rural areas of the Yukon."

At a subsequent meeting of political leaders, our government made a commitment to coordinate a drug and alcohol abuse summit.

The Departments of Health and Social Services, Justice, and the Executive Council Office are working on that commitment.

The purpose of the summit is to bring together representatives from government and the non-governmental community for a focused discussion that will examine effective strategies to respond to drug and alcohol abuse in Yukon.

During the two-day summit in June, participants will work collaboratively to identify strategies and solutions for dealing with substance abuse.

The summit will be the starting point in the development of the Yukon Substance Abuse Action Plan.

The Action Plan will be a framework document that will help guide the Government of Yukon's policy responses to alcohol and drug abuse in the territory.

The Action Plan will be developed in consultation with summit participants and their respective agencies and communities.

The Action Plan will reflect a balance between reducing the supply of drugs, reducing the demand for drugs and responding appropriately to those who are addicted to drugs and alcohol.

It will involve a coordinated effort of the territorial, First Nation and municipal governments, health care and social service agencies, non-governmental organizations, professional associations, law enforcement officials and community groups.

The Yukon Substance Abuse Action Plan will take all of us to make it work.

Mr. Speaker, although reliable data is difficult to obtain, it is suspected that a significant percentage of Yukon's population of offenders and of victims suffer from Fetal Alcohol Spectrum Disorder.

Many of the Yukon criminal offenders and victims that show symptoms of FASD also abuse alcohol, drugs or both.

Individuals affected by FASD also have a greater susceptibility to develop other secondary addictions and depending on personal circumstances may be susceptible to depression.

Our government has made it a priority since taking office to deal with this serious preventable disease.

We have implemented our Five-Step FASD Action Plan which included the creation of a FASD Diagnostic Team and implementation of a Meconium Research Project.

In 2004-2005, we increased family support worker positions in Family and Children's Services to provide support to families and children with FASD.

Our government is allocating $77,000 in 2005-2006 to fund FASSY to do adult assessments in FASD while our updated public service ads, prevention brochures, early pregnancy tips, and workshops are ongoing.

Family and Children's Services is providing base funding of $65,000 to ensure continuation of summer camps for children with FASD.

On March 3, 2005, our government attended an inaugural meeting of the Canada Northwest Fetal Alcohol Spectrum Disorder Partnership which is an alliance of seven jurisdictions that work towards the development and promotion of an interprovincial/ territorial approach to prevention, intervention, care and support of individuals affected by FASD. In the summer of 2005, Yukon will be hosting a symposium on FASD and has become a member of the newly formed research group into FASD. Our government will continue to address FASD as one of its major priorities.

The Department of Health and Social Services is planning the construction of two $5.2 million multilevel care facilities in both Dawson City and Watson Lake.

The architectural design phase will be completed this year with final construction expected in 2006-2007.

Access to affordable, quality childcare was a major election issue in the territorial election of 2002 and our government made a commitment to address the issues.

In March of 2003, the Yukon Childcare Association and Society of Yukon Family Day Homes made a presentation to our government stating that childcare was in crisis.

A month later, the Minister of Health and Social Services responded by approving a one-time only increase of $230,000 to the direct operating grant. Half of the funding went towards supporting wages of childcare providers, with the remainder going to support operation costs based on setup spaces.

In June of 2003 a childcare working group composed of childcare stakeholders was appointed to develop a four year plan for childcare in Yukon, which was completed in December of that year.

"The Strategic Planning Document: A Four-Year Plan for Yukon Early Childhood Education and Care" made some key recommendations, namely:

- improved early childhood education and care programs and enhanced work environments in Yukon;
- increased support for families;
- professional standards, quality and accountability;
- sustainability and funding of quality programs; and
- increased communication and public awareness.

In July of 2004, our government responded by increasing operating grants by $675,000 in 2004-2005 to assist childcare operators – a 30% increase targeted to wages and operating costs with a 3% and 5% increase in subsequent years.

There was a $10,000 increase to the supported childcare budget for 2004-2005 with an additional $5,000 to be added in 2005-2006 and 2006-2007.

A further $45,000 was budgeted in each of the next two fiscal years to develop a public education campaign, host an annual stakeholder meeting, and develop and maintain a web page.

Currently, $5.3 million per year is directed to childcare through the direct operating grants, subsidy for parents and other programs including support for special needs children.

Yukon contributions are the second highest in Canada for the under six age group and direct operating grants have increased by more than 30% over the past year.

Our government has invited three Yukon childcare groups to provide recommendations on how best to direct the new federal funding under the early learning and childcare program.

Our government has also asked the working group to come up with a solution to the current impasse regarding the requirement to sign contribution agreements and be accountable for the funds received from government.

Another major initiative being undertaken by our government with Yukon First Nations concerns the Children's Act Review.

In October 2003, an agreement was reached that the project would be co-chaired by the Government of Yukon and the Council for Yukon First Nations and the project team would report on a quarterly basis to the Minister of Health and Social Services, the Grand Chief of CYFN and the Chief's Committee on Health.

This Children's Act Review Process has helped establish a template that is being utilized by the Education Reform and the Consultation on Corrections Project processes that were mentioned earlier.

The Department of Health and Social Services is allocating $608,540 in this budget to continue this project that will ultimately lead to a new Children's Act in Yukon with full First Nation participation.

Women's Directorate

The Women's Directorate has been playing a leading role in addressing the prevention of violence against women and children.

In this budget $60,000 is being allocated to create a new one-year term position in the Women's Directorate to co-lead the development of a long term public education campaign on the prevention of violence against women and children in Yukon.

This position will liaise with First Nations communities, women's organizations, government departments, and other key stakeholders in the development of culturally sensitive and creative public education initiatives. The First Nation liaison worker position will also provide advice on programs, policy and legislation affecting First Nation women.

Further, for the second time, our government is providing additional violence prevention funding to address the high levels of domestic and sexual assault against aboriginal women in Yukon communities.

This $100,000 funding will be directed at the community level, so that aboriginal women in the communities can develop effective programming.

The Women's Directorate is allocating $47,000 to help support the implementation of a new self-advocacy training program for low-income women in Whitehorse and the communities.

This training program was developed by the Women's Directorate last year and will be piloted in 2005-2006.

This program will address the need to provide training and skills to women who are either not eligible for legal aid, or cannot afford a lawyer in areas such as family and civil law matters.

As announced in 2004, the Women's Directorate is allocating $15,000 towards the annual Yukon Women's Forum. The Yukon Advisory Council on Women's Issues hosts the event to encourage dialogue, networking and the development of policy recommendations. This year the forum was held on March 18 to 19th and brought a diverse group of aboriginal and non-aboriginal women together. The recommendations that were developed will be presented to both the Minister responsible for the Women's Directorate and Caucus by the Yukon Advisory Council on Women's Issues in the spring.

Public Service Commission

While our government is working hard to improve the quality of life of all Yukoners, we also want to promote the well being of our own public servants.

Accordingly, our government is launching a major new initiative, "Investing in Public Service: Serving Yukon People" and we will be consulting with our employees and the union to solicit their input.

"Investing in Public Service: Serving Yukon People" is a five-part initiative that will develop the Yukon Government as an "Employer of Choice."

The five parts include:

1. developing a comprehensive policy framework;
2. working on succession planning -
   a) Employee Developmental Assignment Program
   b) Internship Program
   c) First Line Supervisors & Management Program
   d) Employee & Career Assessment Program
   e) Knowledge Transfer of Experienced Workers
   f) Support Professional Development and Technical Training
3. investing in safe and healthy work places -
   a) Workplaces and Healthy Employees Program
   b) Work Placements for Employees with Disabilities
4. recognizing public sector excellence –
   a) Award and Recognition Program for Yukon Government Employees
5. communicating with employees.

This initiative is supported by a sixth part of the process which consists of work currently underway to establish an organizational culture framework which includes:

a) developing a comprehensive orientation system;

b) modernizing the recruitment process;

c) promoting flexible work arrangements; and

d) reducing and revitalizing human resource policies.

Our government is investing $1.382 million in new money to provide a firm financial foundation for undertaking this initiative.

Our government is committed to continued investment in the public service and to developing and sustaining our organization as one that provides top quality programs and services to Yukon people.

As the individual initiatives are developed, there will be further consultations with the public service and the unions on key elements, to ensure that their valuable input is sought and addressed.

We are also committed to developing the public service so that it is attractive enough to bring our young people back home to work after graduating from university and college.

Our employee population is aging. Currently, 70% of Yukon government employees are 40 years of age or older. We are committed to investing in the transfer of the skills and knowledge of our experienced workers to our younger people who are our future leaders and employees.

The "Investing in Public Service: Serving Yukon People" initiative supports our government's priorities to build a sustainable and competitive economy and to build healthy communities by establishing a firm foundation for program and service delivery to the Yukon public.

Our government, through the Public Service Commission, has also made a major investment in encouraging workforce diversity and meeting land claims obligations through funding to the Workplace Diversity Employment Office.

The Workplace Diversity Employment Office has two major activities. For the first activity, the amount of money for the First Nation Training Corps (FNTC) has been increased by almost two-thirds, to provide training opportunities for Yukon First Nations people and help the government meet its obligations under the land claims agreements.

The First Nation Training Corps offers term positions in departments, open to people of Yukon First Nations ancestry. During that term position, (usually from one to two years), these employees are trained to the full level of the position, and then they are able to apply on positions within the Yukon government or with other governments.

The dollar allocation for FNTC has increased from $302,000 in 2004-2005 to $502,000 in 2005-2006. This allows the Training Corps to meet the demand for training through the creation of approximately four additional positions, and will also help work towards achieving a representative public service.

The second major area of focus for the Workplace Diversity Employment Office is to help people with disabilities get and keep jobs within the public service. To that end, a new Training and Work Experience Program is being offered, to provide opportunities for people with disabilities, similar to those being offered people of Yukon First Nations ancestry. $224,000 has been budgeted to allow for approximately four training positions.

The total amount currently budgeted this coming year for the Workplace Diversity Employment office is $1,065,000. This represents an increase of $400,000 over last year's allocation.

This major initiative will help the government meet its commitment of encouraging employment of persons with special need through employment incentives, and of providing Yukoners with the first opportunity for employment and advancement within the public service.

As part of its commitment to practicing good government, the Yukon government is pleased to announce it will be strengthening its ability to "enhance opportunities for public employees to provide input on Yukon government decisions individually & collectively."

This is being done through the provision of a communications officer within the Public Service Commission. The services of a full-time communications officer will facilitate consultation processes with government employees, and the provision of current and accurate information through different technologies, including the website.

IN CONCLUSION

The 2005-2006 Budget is the product of many hands.

We want to thank all of the departmental officials and in particular those in the Department of Finance for all their hard work in helping us put it together.

We want to thank all of the First Nation governments and people in the communities who provided their input at our community tour meetings by telling us what was important to them.

The 2005-2006 Budget builds upon the economic direction set by our 2004-2005 Budget.

With the passage of this budget, the majority of our election commitments will be met. The remaining commitments are either long-term commitments or are works in progress.

During this sitting, our government will be tabling the Final Report of the Senor Advisor on Electoral Reform.

We will also be tabling the Report of Forensic Audit and Financial Review of the Town of the City of Dawson.

It must be recognized that our government in addition to meeting our 2002 election commitments has had to address the legacy left to us by preceding governments such as the unpaid government loans, the Mayo/Dawson Transmission Line, the Energy Solutions Centre and Dawson City Municipal Financing.

Our government has met these challenges head on while implementing our own progressive economic and social agenda.

Mr. Speaker, I commend the 2005-2006 Budget to all Members of the House for their consideration.

Mr. Speaker, by working together today we will help fulfill the promise of tomorrow.

BUDGET HIGHLIGHTS

Community Services

- $1 M to upgrade Teslin arena and install ice plant.
- $450 K to complete community hall in Ross River.
- $100 K for stabilizing Mayo dyke.
- $300 K for stabilizing Porcupine River bank in Old Crow.
- $100 K for walking bridge over Pelly River near Ross River.
- $500 K for KIAC in Dawson City.
- $2 M for Carmacks sewage treatment.
- $100 K to complete last phase of $3.9 M Carcross sewage treatment.
- $1.2 M for a new multi-celled lagoon just south of Burwash Landing to replace existing facility in Destruction Bay.
- $1.5 M for sewage treatment in Dawson City.
- $32 M in MRIF over 4 years.
- $250 K to complete lot development in Haines Junction.
- $1 M for Marwell trunk upgrade.
- $300 K for Hamilton Boulevard pump house upgrade.
- $300 K to complete Hamilton Boulevard improvements.
- $680 K Affordable Housing Agreement under Yukon Housing Corporation.

Economic Development

- Development of a Rural Economic Development Strategy.
- $1 M Enterprise Trade Fund.
- $500 K Regional Economic Development Program.
- $1.5 M Strategic Industries Development Program.
- $3.523 M for CDF.
- MOU with CTFN and WP&YR on "Destination Carcross."
- $715 K for Film & Sound Incentive Programs.
- $250 K for Technology Innovation Centre and Technology Partnerships.
- $300 K for Dana Naye Ventures Business Development Program.

Education

- $5.4 M for Tantalus School in Carmacks.
- $2.65 M for Porter Creek Secondary School cafeteria expansion and renovations.
- $2.415 M for Teslin School renovations.
- $800 K for heat pump for Vanier Catholic Secondary School.
- $400 K for ventilation system for Jack Hulland Elementary School.
- $1.5 M for Community Training Funds.
- $100 K to index Student Grant.
- Opening of Individual Learning Centre.
- $100 K for new Yukon Literacy Strategy.
- $300 K for Phase I expansion of full-day kindergarten.
- $72 K for First Nation language instructor trainees.
- $185 K for expansion of late French Immersion to Grade 6 and 7.
- $794 K to undertake Education Reform.

Energy, Mines & Resources

- Mining exploration expected to top $30 M.
- Extension of Yukon Mineral Exploration Tax Credit.
- Integrated Resource Management process being utilized for 2 mining projects.
- Development of new framework for Yukon Place Authorization.
- $11.9 M for Type II mine site reclamation.
- Drilling in Eagle Plains and Kotaneelee.
- Intervention in NEB hearings on Mackenzie Valley Pipeline.
- $200 K to fund Aboriginal Pipeline Coalition.

Environment

- Support for VGFN in protecting critical habitat of Porcupine Caribou Herd.
- Hiring of a Tombstone Liaison/Tour Manager.
- Yukon Queen II Research Study on Fish Mortality.
- Yukon Boreal Forest Monitoring Project.

Executive Council Office

- $100 K for Yukon Forum on Government to Government Relationship with First Nations.
- $150 K for KDFN Traditional Use Study.
- $330 K to sponsor three Whitehorse youth groups.
- $200 K for youth programs in communities.

Finance

- Negotiation of new Territorial Formula Financing arrangement.

Health and Social Services

- $10.4 M for multi-level care facilities in Dawson City and Watson Lake.
- $100 K for Child Care Services development.
- $809 K for new Group Home for High-Risk Adolescents.
- $660 K for Yukon Hospital Corporation equipment.
- $225 K for purchase of 2 new ambulances.
- $209 K for Ambulance Services equipment.
- $171 K for increased honorarium, training, clothing and ambulance maintenance in communities.
- Coordination of Drug and Alcohol Abuse Summit with ECO and Justice.
- Continuing Focus on FASD.
- $5.3 M per year dedicated to Child Care.
- $609 K for Children's Act Review.

Highway and Public Works

- $72 M for capital projects.
- $5 M for planning replacement of mobile radio systems.
- $5.8 M for Information Technology sector.
- $24.45 M for Shakwak Highway Projects.
- $10.3 M for upgrading of North Alaska Highway, Whitehorse to Haines Junction.
- $2.75 M for Campbell Highway upgrading.
- $1 M for Dempster Highway.
- $400 K for Top of World Highway.
- $320 K for Tagish Road.
- $300 K for Klondike Highway.
- $300 K for Rural Road Upgrading Program.

- $100 K for Alaska Highway Intersection in Whitehorse.
- $1.1 M for other roads such as Dome Road and Takhini Hot Springs Road.
- $2 M for pavement rehabilitation.
- $4 M for bridge work.
- $4 M for Old Crow Airport terminal.
- $2.3 M for Whitehorse Airport terminal upgrading.

Justice

- $633 K for Consultation on Corrections Project.
- $174 K for Mental Health Services at WCC.
- $120 K for an Elders and First Nations Cultural Program at WCC.
- $35 K to build a shop for Trades Program at WCC.
- $100 K for intensive bail supervision project.

Public Service Commission

- $1.382 M for implementing a new 5 part initiative, "Investing in Public Service: Serving Yukon People".
- $1.065 M for Workplace Diversity Employment Office, a $400 K increase, for First Nation Training Corps and a new Training and Work Experience Program for the disabled.

Tourism and Culture

- $500 K for Tourism Cooperative Marketing Fund.
- $350 K for Alaska Highway Scenic Drives Marketing Campaign.
- $150 K for Yukon Tourism Brand Strategy.
- $124.5 K for FAM Tours.
- $140 K for touryukon.com website.
- $30 K for Yukon First Nations Contemporary Art Exhibit in Zurich.
- $150 K increase in Yukon Arts Centre's annual core budget.
- $200 K for Decade of Sport and Culture.
- $50 K for Ice Patch research.
- $22 M for waterfront development in Whitehorse and Carcross over next 3 years.

Women's Directorate

- $60 K for a First Nations Liaison Worker.
- $47 K for a new Self-Advocacy Training Program for low income women.
- $100 K for Aboriginal Women and Violence Prevention Funding.

GOVERNMENT OF YUKON
PROJECTIONS ($000'S)

	2004-05 Supplementary Forecast	2005-06 Main Estimate	2006-07 Projected Estimate	2007-08 Projected Estimate	2008-09 Projected Estimate
REVENUE:					
Territorial Revenue	$ 79,937	$ 86,457	$ 85,423	$ 91,853	$ 92,852
Transfers from Canada	519,922	540,205	544,359	563,513	583,257
Net Loan Interest	258	193	193	193	193
TOTAL REVENUE	$ 600,117	$ 626,855	$ 629,975	$ 655,559	$ 676,302
LESS NET EXPENDITURES:					
Net Operation and Maintenance Expenditures	$ 506,182	$ 518,852	$ 540,080	$ 560,832	$ 574,615
Net Capital Expenditures	113,864	129,558	105,000	105,000	105,000
TOTAL NET EXPENDITURES	$ 620,046	$ 648,410	$ 645,080	$ 665,832	$ 679,615
Plus: Effect of change in tangible capital assets	$ 25,111	$ 42,675	$ 13,517	$ 12,861	$ 12,235
Plus: Adjustments (lapses and revotes)	22,141	8,016	2,671	5,417	5,380
SURPLUS (DEFICIT) FOR THE YEAR	$ 27,323	$ 29,136	$ 1,083	$ 8,005	$ 14,302
NET FINANCIAL RESOURCES					
Net Financial Resources, Beginning of the Year	$ 75,706	$ 77,918	$ 64,379	$ 51,945	$ 47,089
Plus: Surplus (Deficit) for the Year	$ 27,323	$ 29,136	$ 1,083	$ 8,005	$ 14,302
Less: Effect of change in tangible capital assets	(25,111)	(42,675)	(13,517)	(12,861)	(12,235)
Net Financial Resources, End of the Year (A)	$ 77,918	$ 64,379	$ 51,945	$ 47,089	$ 49,156
NON-FINANCIAL ASSETS					
Net Opening Balance, Beginning of the Year	$ 333,338	$ 358,449	$ 401,124	$ 414,641	$ 427,501
Plus: Acquisitions (net of deferred capital contributions)	40,427	58,551	34,650	34,650	34,650
Less: Amortization, Disposals and Amortization of Deferred Capital Contributions	(15,316)	(15,876)	(21,133)	(21,790)	(22,415)
Net Non-Financial Assets, End of the Year (B)	$ 358,449	$ 401,124	$ 414,641	$ 427,501	$ 439,736
ACCUMULATED SURPLUS (A + B)	$ 436,367	$ 465,503	$ 466,586	$ 474,590	$ 488,892

FINANCIAL INFORMATION

2005 - 2006

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FINANCIAL SUMMARY [1]
($000'S)

	2005-06 ESTIMATE	2004-05 FORECAST	% CHANGE	2003-04 ACTUAL
Surplus (Deficit) for the Year				
Revenue:				
Territorial Revenue	**86,457**	79,937	8%	80,607
Recoveries	**136,226**	126,987	7%	92,785
Transfers from Canada	**540,205**	519,922	4%	456,457
Total Revenue	**762,888**	726,846	5%	629,849
Less Expenditures:				
Operation and Maintenance Expenditures	**577,663**	579,555	0%	516,654
Capital Expenditures	**206,420**	166,860	24%	109,561
Loan Interest	**360**	360	0%	364
Total Expenditures	**784,443**	746,775	5%	626,579
Adjustments:				
Plus: Effect of change in tangible capital assets	**42,675**	25,111		3,069
Plus: Items transferred to the Balance Sheet				1,788
Plus: Increase in restricted funds				770
Plus: Recoveries of prior years' expenditures				904
Plus: Estimated lapses net of revotes	**8,016**	22,141		
Surplus (Deficit) for the Year	**29,136**	27,323		9,801
Net Financial Resources				
Net financial resources, beginning of the year	**77,918**	75,706		80,670
Surplus (Deficit) for the year	**29,136**	27,323		9,801
Effect of change in tangible capital assets	**(42,675)**	(25,111)		(3,069)
Effect of change in other non-financial assets	**0**	0		(11,696)
Net financial resources, end of the year (A)	**64,379**	77,918		75,706
Non-financial assets [2]				
Net opening balance, beginning of the year	**358,449**	333,338		318,573
Effect of change in tangible capital assets	**42,675**	25,111		3,069
Effect of change in other non-financial assets	**0**	0		11,696
Net non-financial resources, end of the year (B)	**401,124**	358,449		333,338
ACCUMULATED SURPLUS (A + B)	**465,503**	436,367		409,044

(1) Restated 2004-05 Forecast and 2003-04 Actual to be consistent with the 2005-06 Estimate presentation.

(2) Excludes non-financial assets of Fleet Vehicle Agency, Queen's Printer Agency, Property Management Agency, and Road and Airport Equipment Reserve Fund.

FINANCIAL SUMMARY [1] (Cont'd)
($000'S)

	2005-06 ESTIMATE	2004-05 FORECAST	% CHANGE	2003-04 ACTUAL
NET EXPENDITURES:				
OPERATION AND MAINTENANCE:				
Gross Expenditures	**577,663**	579,555	0%	516,654
Less: Recoveries	**58,811**	73,315	-20%	55,124
NET O & M EXPENDITURES	**518,852**	506,240	2%	461,530
CAPITAL:				
Gross Expenditures	**206,420**	166,860	24%	109,561
Less: Recoveries	**76,862**	53,054	45%	37,001
NET CAPITAL EXPENDITURES	**129,558**	113,806	14%	72,560
LOAN INTEREST:				
Gross Expenditures	**360**	360	0%	364
Less: Recoveries	**553**	618	-11%	660
NET LOAN INTEREST	**(193)**	(258)	-25%	(296)
LOAN PRINCIPAL:				
Gross Expenditures	**0**	0	0%	51
Less: Recoveries	**795**	845	-6%	1,070
NET LOAN PRINCIPAL	**(795)**	(845)	-6%	(1,019)
LOAN CAPITAL:				
Gross Expenditures	**5,000**	5,000	0%	200
Less: Recoveries	**5,000**	5,000	0%	200
NET LOAN CAPITAL	**0**	0	0%	0

(1) Restated 2004-05 Forecast and 2003-04 Actual to be consistent with the 2005-06 Estimate presentation.

BUDGETARY INCOME SUMMARY BY SOURCE

SOURCE	2005-06 ESTIMATE		2004-05 FORECAST		2003-04 ACTUAL	
TERRITORIAL REVENUE	**$000's**	**%**	**$000's**	**%**	**$000's**	**%**
TAX REVENUE						
Personal Income Tax	**36,909**	**4.8**	34,382	4.7	34,480	5.5
Corporate Income Tax	**5,777**	**0.8**	5,501	0.8	6,408	1.0
Property Tax	**2,190**	**0.3**	2,290	0.3	2,196	0.3
Grant-in-Lieu of Property Tax	**200**	**0.0**	200	0.0	188	0.0
Fuel Oil Tax - Diesel	**2,624**	**0.3**	2,701	0.4	2,511	0.4
Fuel Oil Tax - Other	**4,070**	**0.5**	4,134	0.6	3,908	0.6
Insurance Premium Tax	**1,621**	**0.2**	1,451	0.2	1,340	0.2
Tobacco Tax	**6,459**	**0.8**	6,199	0.9	6,177	1.0
Liquor Tax	**2,621**	**0.3**	2,280	0.3	2,544	0.4
TOTAL TAX REVENUE	**62,471**	**8.2**	59,138	8.1	59,752	9.5
OTHER REVENUE						
Liquor Profit	**4,724**	**0.6**	4,709	0.6	5,716	0.9
Investment Income and Other Interest	**1,191**	**0.2**	441	0.1	1,099	0.2
Licences, Fees, Registrations and Permits:						
Motor Vehicle	**3,048**	**0.4**	3,028	0.4	2,932	0.5
Game and Campground	**892**	**0.1**	892	0.1	910	0.1
Business and Professional	**1,800**	**0.2**	1,800	0.2	1,939	0.3
Lands, Mines and Forestry	**904**	**0.1**	916	0.1	1,050	0.2
Other	**788**	**0.1**	813	0.1	804	0.1
Oil and Gas Resource Revenue	**9,016**	**1.2**	6,616	0.9	3,116	0.5
Land and Mineral Leases and Royalties	**263**	**0.0**	280	0.0	317	0.1
Fines	**408**	**0.1**	408	0.1	473	0.1
Gain on Sale of Land	**141**	**0.0**	126	0.0	876	0.1
Aviation Operations	**729**	**0.1**	682	0.1	804	0.1
Miscellaneous	**82**	**0.0**	88	0.0	53	0.0
Prior Years' Revenue	**0**	**0.0**	0	0.0	766	0.1
TOTAL OTHER REVENUE	**23,986**	**3.1**	20,799	2.9	20,855	3.3
Subtotal Territorial Revenue	**86,457**	**11.3**	79,937	11.0	80,607	12.8
TRANSFERS FROM CANADA						
Canada Health Transfer	**22,665**	**3.0**	16,996	2.3	0	0.0
Canada Social Transfer	**9,593**	**1.3**	9,050	1.2	0	0.0
Other Health Transfers	**13,807**	**1.8**	9,235	1.3	30,322	4.8
Grant from Canada	**494,140**	**64.8**	484,641	66.7	426,135	67.7
Subtotal Transfers from Canada	**540,205**	**70.8**	519,922	71.5	456,457	72.5

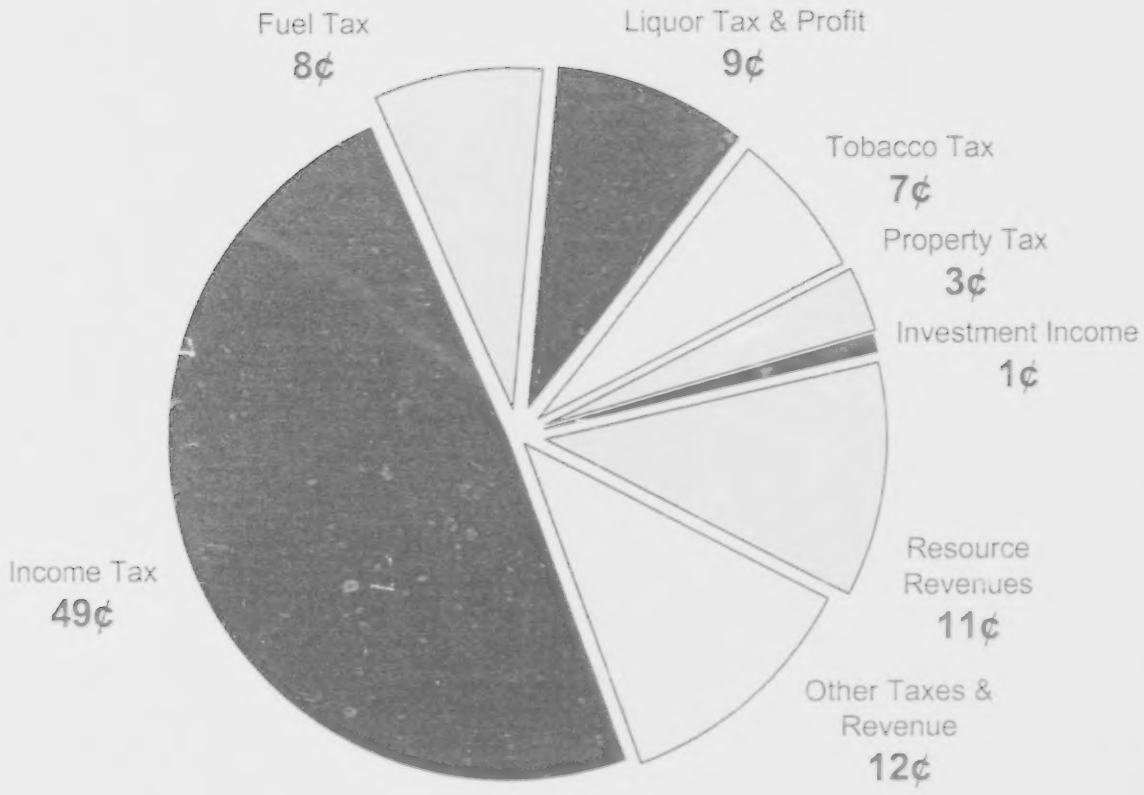
BUDGETARY INCOME SUMMARY BY SOURCE (Cont'd)

SOURCE	2005-06 ESTIMATE		2004-05 FORECAST		2003-04 ACTUAL	
RECOVERIES	**$000's**	**%**	**$000's**	**%**	**$000's**	**%**
Government of Canada						
Alaska Highway	**24,450**	**3.2**	17,000	2.3	18,196	2.9
Canadian Strategic Infrastructure Fund	**9,299**	**1.2**	5,635	0.8	0	0.0
Municipal Rural Infrastructure Fund	**4,000**	**0.5**	0	0.0	0	0.0
Yukon Housing Corporation	**8,373**	**1.1**	4,833	0.7	4,874	0.8
Child Welfare	**6,376**	**0.8**	6,438	0.9	8,765	1.4
Aboriginal Language Services	**1,100**	**0.1**	1,100	0.2	960	0.2
French Language Services	**1,350**	**0.2**	1,540	0.2	1,534	0.2
French Language Programs	**1,366**	**0.2**	1,296	0.2	1,268	0.2
Land Claims Implementation	**4,790**	**0.6**	4,790	0.7	3,068	0.5
Type II Mine Sites	**11,915**	**1.6**	9,093	1.3	3,848	0.6
Forestry	**315**	**0.0**	1,153	0.2	1,235	0.2
Young Offenders	**1,349**	**0.2**	1,366	0.2	1,155	0.2
Airports	**3,170**	**0.4**	3,953	0.5	1,558	0.2
Inuvialuit Final Agreement	**901**	**0.1**	901	0.1	829	0.1
Legal Aid	**934**	**0.1**	1,016	0.1	725	0.1
Other	**11,709**	**1.5**	29,446	4.1	11,343	1.8
	91,397	**12.0**	89,560	12.3	59,358	9.4
Other Recoveries						
Yukon Housing Corporation	**17,562**	**2.3**	16,638	2.3	13,904	2.2
Land Development	**11,925**	**1.6**	8,933	1.2	5,656	0.9
Reciprocal Billing	**1,430**	**0.2**	1,430	0.2	1,493	0.2
Loan Interest Recovery	**553**	**0.1**	618	0.1	660	0.1
Other	**13,359**	**1.8**	9,808	1.3	11,714	1.9
	44,829	**5.9**	37,427	5.1	33,427	5.3
Subtotal Recoveries	**136,226**	**17.9**	126,987	17.5	92,785	14.7
TOTAL BUDGETARY INCOME (Total Territorial Revenue, Transfers from Canada and Recoveries)	**762,888**	**100.0**	726,846	100.0	629,849	100.0

GOVERNMENT OF YUKON

TERRITORIAL REVENUE BY SOURCE

2005-06



NOTE: Represents the portion by source of each dollar of locally raised revenue.

OPERATION AND MAINTENANCE AND CAPITAL RECOVERIES
SUMMARY BY DEPARTMENT / CORPORATION
($000'S)

DEPARTMENT / CORPORATION	O & M RECOVERIES 2005-06 ESTIMATE	O & M RECOVERIES 2004-05 FORECAST	CAPITAL RECOVERIES 2005-06 ESTIMATE	CAPITAL RECOVERIES 2004-05 FORECAST
Yukon Legislative Assembly	**0**	0	**0**	0
Elections Office	**6**	0	**0**	0
Office of the Ombudsman	**0**	0	**0**	0
Executive Council Office	**5,890**	5,890	**0**	0
Community Services	**3,716**	17,919	**25,495**	10,172
Economic Development	**0**	100	**0**	217
Education	**2,751**	2,681	**187**	40
Energy, Mines and Resources	**12,359**	10,363	**525**	1,329
Environment	**1,205**	1,369	**0**	45
Finance	**16**	16	**250**	250
Health and Social Services	**16,495**	17,734	**1,404**	1,674
Highways and Public Works	**3,759**	3,748	**33,275**	27,821
Justice	**1,910**	2,618	**30**	0
Public Service Commission	**45**	49	**0**	0
Tourism and Culture	**420**	447	**0**	416
Women's Directorate	**0**	0	**0**	0
Yukon Housing Corporation	**10,239**	10,381	**15,696**	11,090
Total Recoveries	**58,811**	73,315	**76,862**	53,054

Note:
Restated 2004-05 Forecast to be consistent with the 2005-06 Estimate presentation.

MAJOR TERRITORIAL AND PROVINCIAL TAX RATES
March 2005[H]

	PERSONAL INCOME TAX			CORPORATE INCOME TAX			COMMODITY TAXES			
	BASIC RATE %	TAX BRACKETS (TAX ON INCOME)	HIGH INCOME SURCHARGE % A	GENERAL RATE %	SMALL BUSINESS %	MANUFACTURING & PROCESSING %	RETAIL SALES %	TOBACCO ¢/25 cigs	UNLEADED GAS ¢/litre	DIESEL FUEL ¢/litre
Newfoundland	10.57	≤ $29,590	9.0	14.00	5.00	5.00	8.0 C	400.00	16.5	16.5
	16.16	$29,591 - 59,180								
	18.02	> $59,180								
Prince Edward Island	9.80	≤ $30,754	10.0	16.00	7.50	7.50	10.0	436.25	17.0	16.5
	13.80	$30,755 - 61,509								
	16.70	> $61,509								
New Brunswick	9.68	≤ $32,730 D	--	13.00	2.50	13.00	8.0 C	293.75	14.5	16.0
	14.82	$32,731 - 65,462								
	16.52	$65,463 - 106,427								
	17.84	>$106,427								
Nova Scotia	8.79	≤ $29,590	10.0	16.00	5.00	16.00	8.0 C	388.00	15.5	15.5
	14.95	$29,591 - 59,180								
	16.67	$59,180 - 93,000								
	17.50	>$93,000								
Quebec	16.00	≤ $27,635 E	--	8.90 B	8.90	8.90	7.5	257.50	15.2	16.2
	20.00	$27,636 - 55,280								
	24.00	> $55,280								
Ontario	6.05	≤ $34,010 E	20.0/36.0	14.00	5.50	12.00	8.0	293.13	14.7	14.7
	9.15	$34,011 - 68,020								
	11.16	> $68,020								
Manitoba	10.90	≤ $30,544	--	15.00	5.00	15.00	7.0	437.50	11.5	11.5
	14.00	$30,545 - 65,000								
	17.40	> $65,000								
Saskatchewan	11.00	≤ $36,770 D	--	17.00	5.00	10.00	7.0	437.50	15.0	15.0
	13.00	$36,771 - 105,056								
	15.00	> $105,056								
Alberta	10.00	all income	--	11.50	3.00	11.50	--	400.00	9.0	9.0
British Columbia	6.05	≤ $33,061 E	--	13.50	4.50	13.50	7.0	447.50	14.5	15.0
	9.15	$33,062 - 66,123								
	11.70	$66,124 - 75,917								
	13.70	$75,918 - 92,185								
	14.70	> $92,185								
Northwest Territories	5.90	≤ $33,811 D	--	14.00	4.00	14.00	--	525.00	10.7/6.4 F	9.1
	8.60	$33,812 - 67,622								
	12.20	$67,623 - 109,939								
	14.05	>$109,939								
Nunavut	4.00	≤ $35,595 D	--	12.00	4.00	12.00	--	390.00	10.7/6.4 F	9.1
	7.00	$35,595 - 71,190								
	9.00	$71,191 - 115,739								
	11.50	>$115,739								
Yukon	7.04	≤ $35,595 D	5.0	15.00	4.00	2.50	--	330.00	6.2	7.2
	9.68	$35,596 - 71,190								
	11.44	$71,191 - 115,739								
	12.76	>$115,739								

Notes to Table:

A) The following jurisdictions levy a surcharge on personal income tax:
Newfoundland, 9% of provincial tax in excess of $7,032
Prince Edward Island, 10% of provincial tax in excess of $5,200
Nova Scotia, 10% of provincial tax in excess of $10,000
Ontario, 20 % of provincial tax in excess of $3,856 and 36% of provincial tax in excess of $4,864
Yukon, 5 % of territorial tax in excess of $6,000.

B) The rate is 16.25% on non-active business income.

C) Provincial share of Harmonized Sales Tax.

D) Income tax brackets are indexed using the Consumer Price Index.

E) Income tax brackets are indexed using the provincial rate of inflation.

F) Northwest Territories and Nunavut have two tax rates for gasoline – for highway usage (10.7) and for off-highway usage (6.4). The 6.4 rate applies for communities not served by the highway system.

G) Rate changes may have occurred since the time of the survey (March 8, 2005). To determine current rates, reference should be made to each jurisdiction's Department of Finance.

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TOTAL EXPENDITURES BY DEPARTMENT / CORPORATION [1]

DEPARTMENT / CORPORATION	2005-06 ESTIMATE		2004-05 FORECAST		2003-04 ACTUAL	
	$000's	%	$000's	%	$000's	%
Yukon Legislative Assembly	**4,093**	**0.5**	3,967	0.5	3,797	0.6
Elections Office	**215**	**0.0**	219	0.0	127	0.0
Office of the Ombudsman	**431**	**0.1**	414	0.1	403	0.1
Executive Council Office	**20,195**	**2.6**	22,125	3.0	18,226	2.9
Community Services	**104,106**	**13.3**	89,346	12.0	71,820	11.5
Economic Development	**15,938**	**2.0**	15,604	2.1	7,752	1.2
Education	**125,404**	**16.0**	113,136	15.2	104,636	16.7
Energy, Mines and Resources	**42,576**	**5.4**	39,883	5.3	31,895	5.1
Environment	**23,138**	**3.0**	23,075	3.1	19,401	3.1
Finance	**5,522**	**0.7**	5,022	0.7	5,497	0.9
Health and Social Services	**186,150**	**23.7**	179,007	24.0	156,211	24.9
Highways and Public Works	**147,586**	**18.8**	151,634	20.3	115,799	18.5
Justice	**39,562**	**5.0**	39,472	5.3	35,055	5.6
Public Service Commission	**18,158**	**2.3**	16,445	2.2	17,413	2.8
Tourism and Culture	**19,191**	**2.4**	20,034	2.7	16,764	2.7
Women's Directorate	**814**	**0.1**	877	0.1	540	0.1
Yukon Development Corporation	**one dollar**	**0.0**	one dollar	0.0	0	0.0
Yukon Housing Corporation	**31,004**	**4.0**	26,155	3.5	20,879	3.3
Yukon Liquor Corporation	**one dollar**	**0.0**	one dollar	0.0	0	0.0
Total Expenditures	**784,083**	**100.0**	746,415	100.0	626,215	100.0

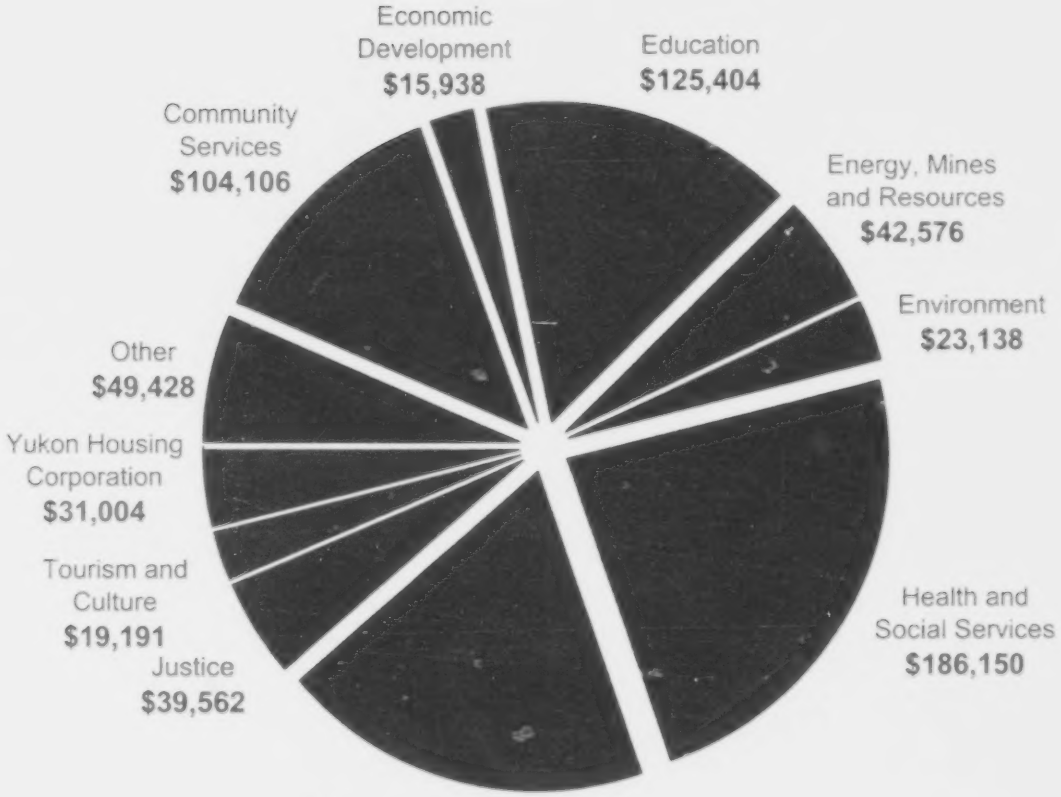
(1) Restated 2004-05 Forecast and 2003-04 Actual to be consistent with the 2005-06 Estimate presentation.

GOVERNMENT OF YUKON

O&M and CAPITAL EXPENDITURES BY DEPARTMENT

2005-06 BUDGET

$ THOUSANDS



"Other" includes Yukon Legislative Assembly, Elections Office, Office of the Ombudsman, Executive Council Office, Finance, Public Service Commission, Women's Directorate, Yukon Development Corporation and Yukon Liquor Corporation.

OPERATION AND MAINTENANCE [1]
EXPENDITURE SUMMARY BY DEPARTMENT / CORPORATION

DEPARTMENT / CORPORATION	2005-06 ESTIMATE		2004-05 FORECAST		2003-04 ACTUAL	
	$000's	%	$000's	%	$000's	%
Yukon Legislative Assembly	**4,053**	**0.7**	3,927	0.7	3,757	0.7
Elections Office	**210**	**0.0**	214	0.0	124	0.0
Office of the Ombudsman	**417**	**0.1**	409	0.1	399	0.1
Executive Council Office	**18,990**	**3.3**	18,850	3.3	15,672	3.0
Community Services	**50,169**	**8.7**	65,681	11.3	47,972	9.3
Economic Development	**6,569**	**1.1**	5,851	1.0	2,629	0.5
Education	**105,464**	**18.3**	101,273	17.5	94,521	18.3
Energy, Mines and Resources	**37,018**	**6.4**	34,690	6.0	27,204	5.3
Environment	**19,703**	**3.4**	19,075	3.3	17,476	3.4
Finance	**5,219**	**0.9**	4,758	0.8	4,974	1.0
Health and Social Services	**170,346**	**29.5**	169,614	29.3	154,114	29.8
Highways and Public Works	**75,515**	**13.1**	74,260	12.8	71,004	13.7
Justice	**38,156**	**6.6**	37,263	6.4	34,700	6.7
Public Service Commission	**18,106**	**3.1**	16,359	2.8	17,357	3.4
Tourism and Culture	**14,150**	**2.4**	13,721	2.4	13,116	2.5
Women's Directorate	**810**	**0.1**	869	0.1	537	0.1
Yukon Development Corporation	**one dollar**	**0.0**	one dollar	0.0	0	0.0
Yukon Housing Corporation	**12,768**	**2.2**	12,741	2.2	11,098	2.1
Yukon Liquor Corporation	**one dollar**	**0.0**	one dollar	0.0	0	0.0
Total Expenditures	**577,663**	**100.0**	579,555	100.0	516,654	100.0

(1) Restated 2004-05 Forecast and 2003-04 Actual to be consistent with the 2005-06 Estimate presentation.

CAPITAL [1]
EXPENDITURE SUMMARY BY DEPARTMENT / CORPORATION

DEPARTMENT / CORPORATION	2005-06 ESTIMATE		2004-05 FORECAST		2003-04 ACTUAL	
	$000's	%	$000's	%	$000's	%
Yukon Legislative Assembly	**40**	**0.0**	40	0.0	40	0.0
Elections Office	**5**	**0.0**	5	0.0	3	0.0
Office of the Ombudsman	**14**	**0.0**	5	0.0	4	0.0
Executive Council Office	**1,205**	**0.6**	3,275	2.0	2,554	2.3
Community Services	**53,937**	**26.1**	23,665	14.2	23,848	21.8
Economic Development	**9,369**	**4.5**	9,753	5.8	5,123	4.7
Education	**19,940**	**9.7**	11,863	7.1	10,115	9.2
Energy, Mines and Resources	**5,558**	**2.7**	5,193	3.1	4,691	4.3
Environment	**3,435**	**1.7**	4,000	2.4	1,925	1.8
Finance	**303**	**0.1**	264	0.2	523	0.5
Health and Social Services	**15,804**	**7.7**	9,393	5.6	2,097	1.9
Highways and Public Works	**72,071**	**34.9**	77,374	46.4	44,795	40.9
Justice	**1,406**	**0.7**	2,209	1.3	355	0.3
Public Service Commission	**52**	**0.0**	86	0.1	56	0.1
Tourism and Culture	**5,041**	**2.4**	6,313	3.8	3,648	3.3
Women's Directorate	**4**	**0.0**	8	0.0	3	0.0
Yukon Development Corporation	**0**	**0.0**	0	0.0	0	0.0
Yukon Housing Corporation	**18,236**	**8.8**	13,414	8.0	9,781	8.9
Total Expenditures	**206,420**	**100.0**	166,860	100.0	109,561	100.0

(1) Restated 2004-05 Forecast and 2003-04 Actual to be consistent with the 2005-06 Estimate presentation.

TANGIBLE CAPITAL ASSETS AND WORK-IN-PROGRESS EXPENDITURES [1]
SUMMARY BY DEPARTMENT / CORPORATION
($000'S)

VOTE	DEPARTMENT / CORPORATION	2005-06 ESTIMATE	2004-05 FORECAST	% CHANGE	2003-04 ACTUAL
01	Yukon Legislative Assembly	**0**	14	-100%	16
24	Elections Office	**0**	0	0%	0
23	Office of the Ombudsman	**0**	0	0%	0
02	Executive Council Office	**20**	25	-20%	30
51	Community Services	**1,583**	4,336	-63%	2,255
07	Economic Development	**0**	0	0%	14
03	Education	**10,890**	1,495	628%	3,281
53	Energy, Mines and Resources	**217**	39	456%	118
52	Environment	**1,508**	1,922	-22%	124
12	Finance	**17**	0	100%	17
15	Health and Social Services	**12,559**	2,290	448%	177
55	Highways and Public Works	**58,174**	54,749	6%	32,022
08	Justice	**265**	1,456	-82%	71
10	Public Service Commission	**18**	29	-38%	11
54	Tourism and Culture	**0**	0	0%	74
11	Women's Directorate	**0**	0	0%	0
Total Expenditures [2]		**85,251**	66,355	28%	38,210

(1) Restated 2004-05 Forecast and 2003-04 Actual to be consistent with the 2005-06 Estimate presentation.
(2) Excludes Yukon Housing Corporation, Yukon Liquor Corporation and Yukon Development Corporation.

CHANGES IN TANGIBLE CAPITAL ASSETS AND AMORTIZATION [1]
($000'S)

	2005-06 ESTIMATE	2004-05 FORECAST	2003-04 ACTUAL
Beginning of the Year			
Cost of Tangible Capital Assets in Service	**1,092,173**	1,042,298	783,699
Accumulated amortization	**(329,814)**	(300,661)	(272,912)
Net Book Value	**762,359**	741,637	510,787
Work-in-Progress	**61,040**	44,689	10,052
Total Net Book Value and Work-in-Progress	**823,399**	786,326	520,839
Changes during the Year			
Cost of Tangible Capital Assets			
Capital Expenditures	**24,272**	32,911	14,744
Devolution	**0**	0	230,031
Work-in-Progress put in Service during Year	**27,915**	17,093	6,404
Restatement for Capital Leases			8,820
Disposals	**0**	(129)	(1,400)
Accumulated Amortization			
Amortization Expense	**(30,098)**	(29,259)	(29,148)
Disposals	**0**	106	1,399
Work-in-Progress			
Capital Expenditures	**60,979**	33,444	23,466
Devolution	**0**	0	18,892
Write-downs	**0**	0	(1,317)
Work-in-Progress put in Service during Year	**(27,915)**	(17,093)	(6,404)
End of the Year			
Cost of Tangible Capital Assets in Service	**1,144,360**	1,092,173	1,042,298
Accumulated Amortization	**(359,912)**	(329,814)	(300,661)
Net Book Value	**784,448**	762,359	741,637
Work-in-Progress	**94,104**	61,040	44,689
Total Net Book Value and Work-in-Progress	**878,552**	823,399	786,326
Deferred Capital Contributions			
Balance, Beginning of the Year	**(466,128)**	(454,166)	(200,568)
Additions	**(26,700)**	(25,928)	(267,647)
Amortization of Deferred Capital Contributions	**14,222**	13,966	14,049
Balance, End of the Year	**(478,606)**	(466,128)	(454,166)

(1) Restated 2004-05 Forecast and 2003-04 Actual to be consistent with the 2005-06 Estimate presentation.

MAIN ESTIMATES

HISTORICAL COMPARISON

($000'S)

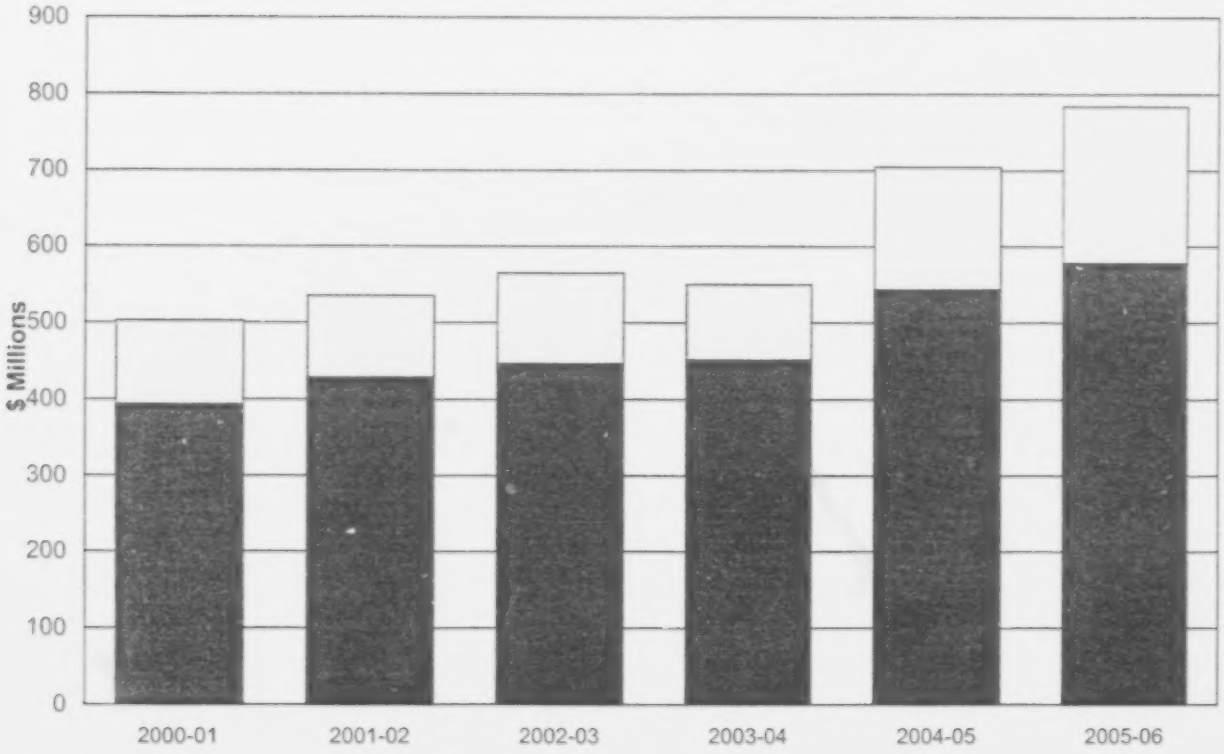
	O & M	CAPITAL	TOTAL
2005-06	**577,663**	**206,420**	**784,083**
2004-05	543,104	162,654	705,758
2003-04	451,326	98,693	550,019
2002-03	446,635	118,177	564,812
2001-02	428,188	106,963	535,151
2000-01	392,801	109,580	502,381
1999-00	384,217	94,314	478,531
1998-99	370,360	70,598	440,958
1997-98	363,363	88,583	451,946
1996-97	346,821	124,925	471,746
1995-96	343,735	145,112	488,847
1994-95	346,210	121,724	467,934
1993-94	352,485	128,298	480,783

Note: These figures reflect the voted expenditures as per the estimates for the relevant year and have not been restated for purposes of comparison.

GOVERNMENT OF YUKON

O & M and CAPITAL EXPENDITURES

2000-01 TO 2005-06



NOTE: These figures reflect the voted expenditures as per the Main Estimates for the relevant year and have not been restated for purposes of comparison.

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